

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
 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

Common Stock, without par value

American depositary shares, each of which represents two shares of common stock

Name of each exchange on which registered

The New York Stock Exchange*

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 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

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 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 No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 Item 18

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

Yes No

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

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

Yes No

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

MIZUHO FINANCIAL GROUP, INC.

ANNUAL REPORT ON FORM 20-F

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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 the 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 expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking

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

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

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.

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	—

	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.

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.

	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)				
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.”

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.

<u>Fiscal years ended (ending) March 31,</u>	<u>High</u>	<u>Low</u>	<u>Average⁽¹⁾</u>	<u>Period end</u>
			(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
<u>Calendar year 2015</u>				
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.”

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.

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.

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

- 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.

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,

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.

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.

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.

- 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-SIFT”), 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.

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.

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.

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 create 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 (1st x 2nd x 3rd = 6th 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 5th 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.

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.

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

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.

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).

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

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 tamenno 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.

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 be scheduled to be introduced as a minimum standard by the Financial Services 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.

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

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

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.

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.

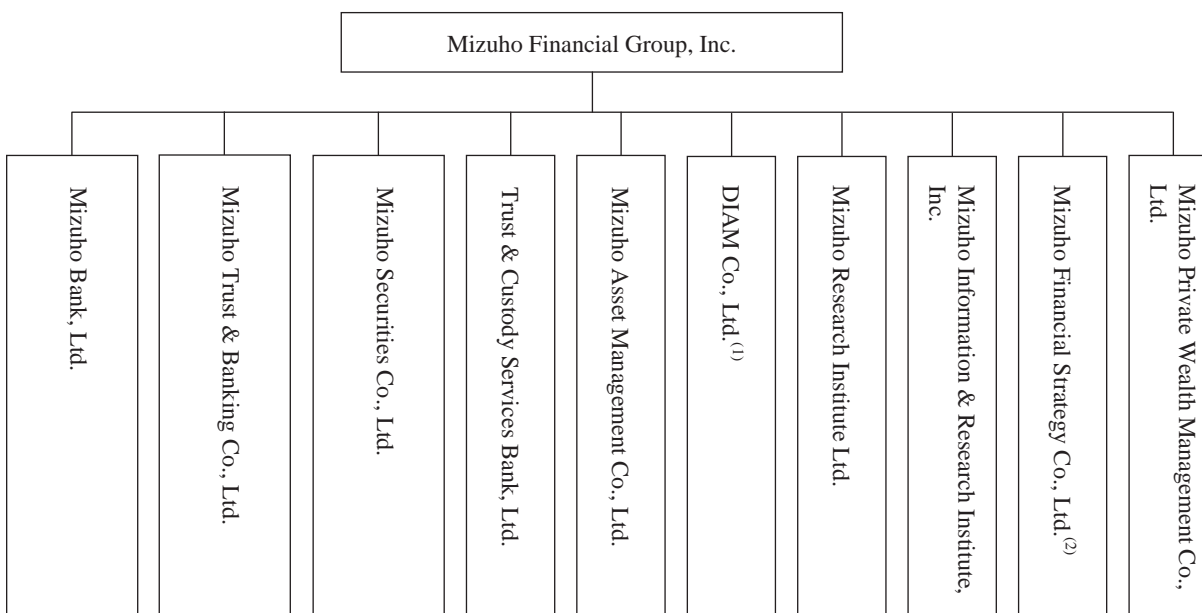
Mizuho Bank intends to continue to provide these remittance and other settlement services in connection with the exports of humanitarian goods to Iran in close coordination with U.S. and Japanese authorities.

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.

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%

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	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	<u>¥1,356,594</u>	<u>¥1,632,485</u>

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.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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Overview

The Mizuho Group

We provide a broad range of financial services in domestic and overseas markets. 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.

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.

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.

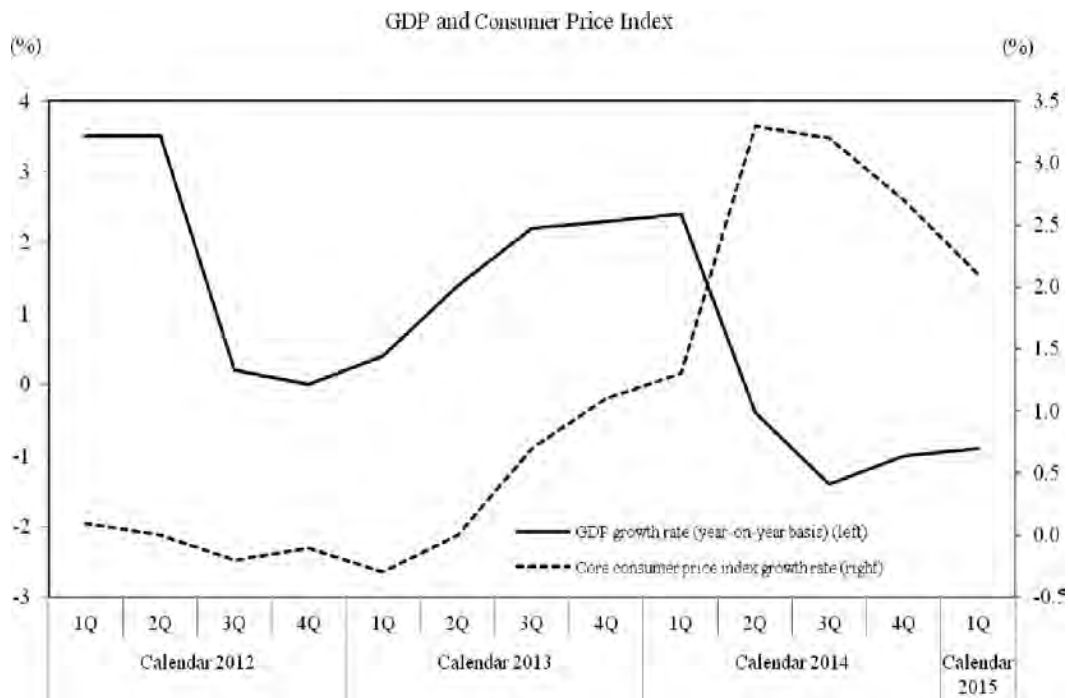
Since the fiscal year ended March 31, 2013, the gradual recovery in the global economy has continued, although some weaknesses in the recovery have been seen in some regions. In the fiscal year ended March 31, 2015, this recovery continued particularly in the major industrialized countries, but it remained 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

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:

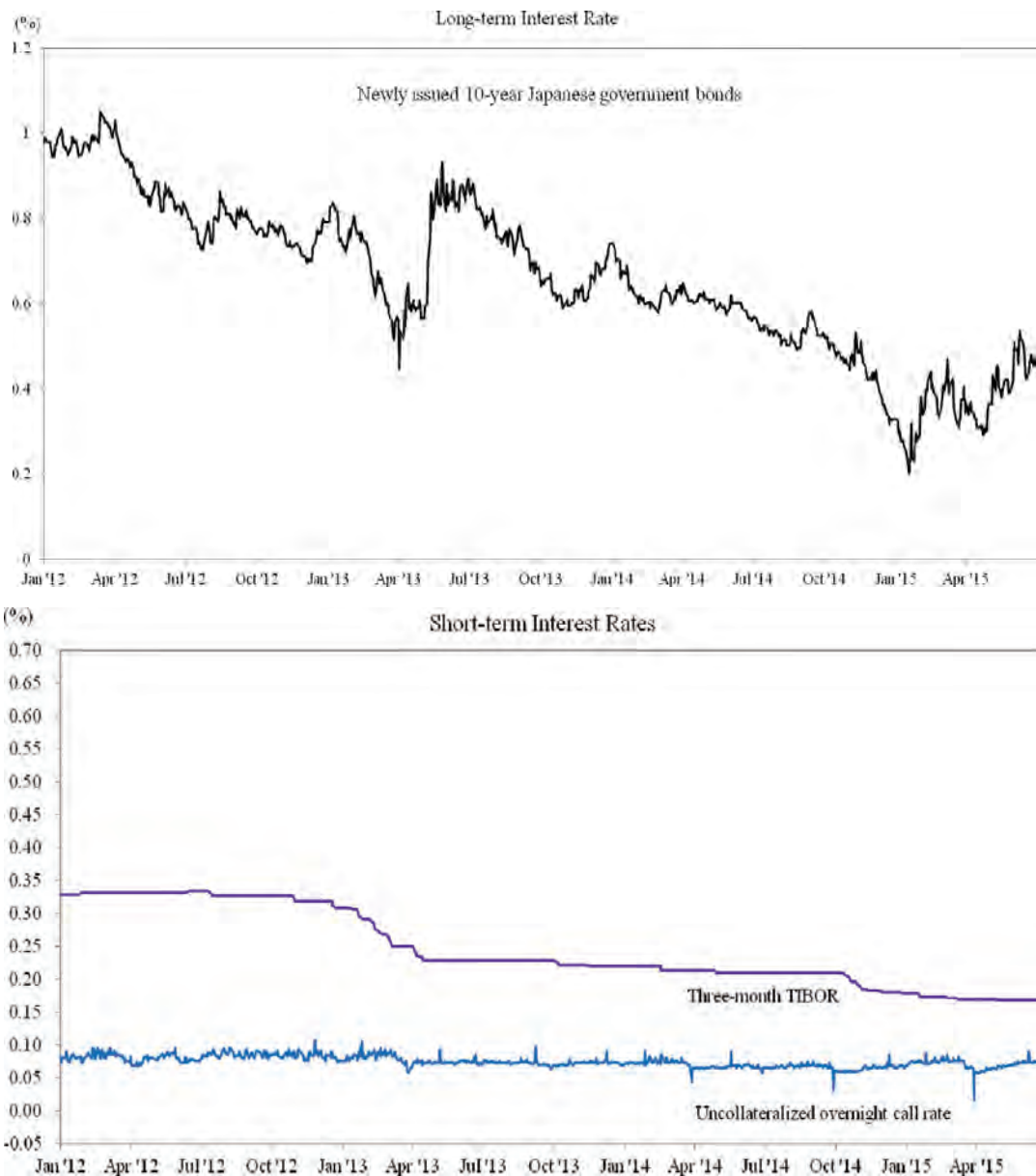
- Japan's real gross domestic product on a year-on-year basis increased by 1.0% and 2.1% in the fiscal years ended March 31, 2013 and 2014, respectively, and decreased by 0.9% in the fiscal year ended March 31, 2015. Japan's real gross domestic product on a quarterly basis, compared to the corresponding 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.

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 that it would make ETFs that track the JPX-Nikkei Index 400 eligible for purchase.

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:

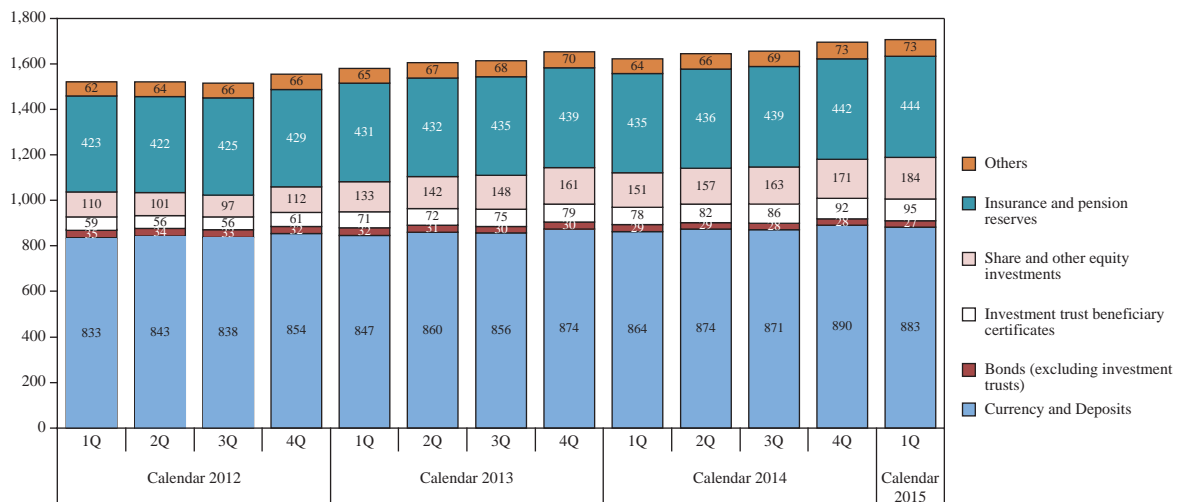


- According to the Bank of Japan, the aggregate monthly average balance of bank loans compared with that of the previous year started to increase in October 2011 and has continued to increase, with the rate of increase gradually rising, through March 2015.
- The CDS index called Markit iTraxx Japan,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

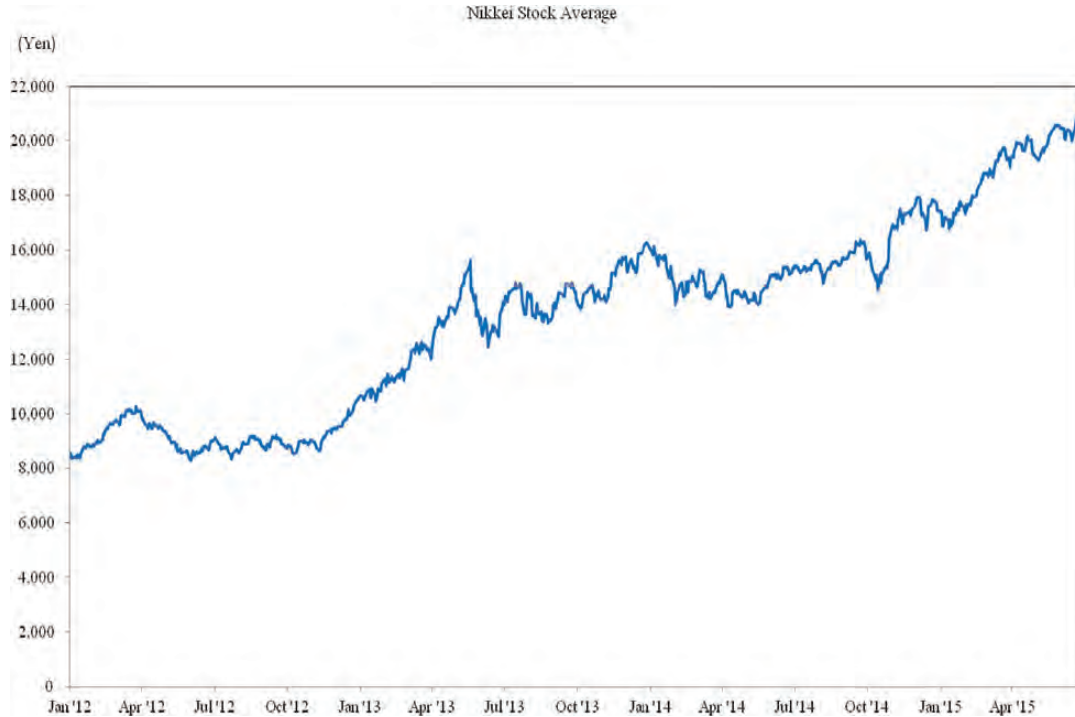
- According to Teikoku Databank, a Japanese research institution, there were approximately 10,710 corporate bankruptcies in the fiscal year ended March 31, 2013, involving approximately ¥2.9 trillion in total liabilities, approximately 10,102 corporate bankruptcies in the fiscal year ended March 31, 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:

Financial Assets of Households

(Trillions of yen)



- 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.”

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.

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.

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 (decrease)
	2014	2015	
	(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.

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

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

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.

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

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

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.

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	<u>¥1,439</u>	<u>¥1,083</u>	<u>¥1,801</u>

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	<u>¥1,425</u>	<u>¥1,504</u>	<u>¥1,639</u>

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.

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	<u>¥ 4</u>	<u>¥226</u>	<u>¥438</u>

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

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	<u>1,941</u>	<u>1,693</u>	<u>1,400</u>
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	<u>729</u>	<u>877</u>	<u>1,247</u>
Net deferred tax assets (liabilities)	<u>¥ 627</u>	<u>¥ 372</u>	<u>¥ (236)</u>

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.

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.

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 (g)
	The former Mizuho Bank (Non-consolidated)							Trading and others (f)	
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)		
(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)		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)	International 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

	Mizuho Bank (Consolidated)								Mizuho Trust & Banking (Consolidated)	Mizuho Securities (Consolidated)	Others	Mizuho Financial Group (Consolidated)		
	Mizuho Bank (Non-consolidated)							Others	(i)	(j)	(k)	Total		
	Total	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)	(h)
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	(i)	(j)	(k)	Total		
	Total	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)	(h)
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.

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.

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.

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.

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.

	Americas				Asia/Oceania excluding Japan, and others	Total
	Japan	United States	Others	Europe		
	(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

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.

Financial Condition

Assets

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

	As of March 31,		Increase (decrease)
	2014	2015	
	(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	<u>¥175,699</u>	<u>¥190,120</u>	<u>¥14,421</u>

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.

Loans

Loans outstanding

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

	As of March 31,		As of March 31,		Increase	
	2014		2015		(decrease)	
(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%.

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:

<u>Obligor category</u>	<u>Obligor rating</u>	<u>Definition</u>
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.

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.

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,				Increase (decrease)	
	2014		2015		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	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	<u>¥1,145</u>	1.6	<u>¥1,175</u>	1.5	<u>¥ 30</u>	(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).

- 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:

	<u>As of March 31,</u>		<u>Increase (decrease)</u>
	<u>2014</u>	<u>2015</u>	
	(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)	<u>¥73,624</u>	<u>¥78,212</u>	<u>¥4,588</u>
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.

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.

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,		Increase (decrease)
	2014	2015	
	(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	<u>¥ 626</u>	<u>¥520</u>	<u>¥(106)</u>

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.

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,						Increase (decrease)		
	2014			2015					
	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.

Liabilities

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

	As of March 31,		Increase (decrease)
	2014	2015	
	(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,		Increase (decrease)
	2014	2015	
	(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.

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	<u>¥20,179</u>	<u>¥16,846</u>	<u>¥37,025</u>	<u>¥11,335</u>	<u>¥18,654</u>	<u>¥29,989</u>	<u>¥(8,844)</u>	<u>¥1,808</u>	<u>¥(7,036)</u>

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 (decrease)
	2014	2015	
	(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	<u>6,378</u>	<u>7,930</u>	<u>1,552</u>
Noncontrolling interests	243	260	17
Total equity	<u>¥6,621</u>	<u>¥8,190</u>	<u>¥1,569</u>

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,

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

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

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.

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

	<u>March 2013</u>	<u>March 2014</u>	<u>March 2015</u>	<u>March 2016</u>	<u>March 2017</u>	<u>March 2018</u>	<u>March 2019</u>	<u>March 2020</u>	<u>March 2021</u>	<u>March 2022</u>
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.

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,		Increase (decrease)
	2014	2015	
	(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.

Capital

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

	As of March 31,		Increase (decrease)
	2014	2015	
	(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⁾	<u>6,844.7</u>	<u>7,500.3</u>	<u>655.6</u>
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⁾	<u>¥8,655.9</u>	<u>¥9,508.4</u>	<u>¥ 852.4</u>

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

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.

<u>Initial optional redemption date</u>	<u>Outstanding balance of non-dilutive preferred securities included within Additional Tier 1 capital</u> (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:

	<u>As of March 31,</u>		<u>Increase (decrease)</u>
	<u>2014</u>	<u>2015</u>	
	(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	<u>¥60,274.0</u>	<u>¥65,191.9</u>	<u>¥4,917.8</u>

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.

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:

	<u>As of March 31,</u>		<u>Increase</u>
	<u>2014</u>	<u>2015</u>	<u>(decrease)</u>
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:

	<u>As of March 31,</u>		<u>Increase</u>
	<u>2014</u>	<u>2015</u>	<u>(decrease)</u>
	(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

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

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:

	<u>Due in one year or less</u>	<u>Due from one year to two years</u>	<u>Due from two years to three years</u>	<u>Due from three years to four years</u>	<u>Due from four years to five years</u>	<u>Due after five years</u>	<u>Total</u>
	(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⁾	<u>¥54,081</u>	<u>¥3,877</u>	<u>¥2,924</u>	<u>¥5,181</u>	<u>¥1,415</u>	<u>¥4,457</u>	<u>¥71,935</u>

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.

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.

	<u>As of and for the fiscal year ended March 31, 2015</u>	
	<u>Total MHFG shareholders' equity</u>	<u>Net income attributable to MHFG shareholders</u>
	(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	<u>¥8,164.9</u>	<u>¥ 611.9</u>

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.

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.

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

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.

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 (Apr. 15, 1952)	Director	Mar. 2003	Executive Officer / Senior	June 2016
	President & Group CEO (Representative Executive Officer)		Corporate Officer of International Banking Unit of the former Mizuho Corporate Bank, Ltd.	
	Director of Mizuho Bank, Ltd.	Apr. 2004	Managing Executive Officer	
	Director of Mizuho Trust & Banking Co., Ltd.	Mar. 2006	Managing Director / Head of Corporate Banking Unit	
	Director of Mizuho Securities Co., Ltd.	Apr. 2007	Deputy President / Chief Auditor	
		Apr. 2009	President & CEO (until July 2013)	
	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	Apr. 2010	Executive Officer / General	June 2016
	Senior Managing Executive Officer		Manager of Executive Secretariat of Mizuho Financial Group, Inc.	
	Head of Compliance Group (Group CCO)	Apr. 2012	Managing Executive Officer of the former Mizuho Bank, Ltd.	
	Senior Managing Director of Mizuho Bank, Ltd.	July 2013	Managing Executive Officer of Mizuho Bank, Ltd.	

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)	Apr. 2012 Executive Officer / General Manager of Risk Management Division of Mizuho Financial Group, Inc. (until Nov. 2013)	
	Managing Director of Mizuho Bank, Ltd.	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.		

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	Apr. 2010	General Manager of Asset Management Coordination Division of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Financial Control & Accounting Group (Group CFO)	Apr. 2012	Executive Officer / General Manager of Portfolio Management Division of Mizuho Financial Group, Inc. (until Apr. 2014)	
	Managing Director of Mizuho Bank, Ltd.		Executive Officer / General Manager of Portfolio Management Division of the former Mizuho Bank, Ltd.	
	President & CEO of Mizuho Financial Strategy Co., 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)	

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	Apr. 2010	General Manager of Investor Relations Division of Mizuho Financial Group, Inc.	June 2016
	Head of Strategic Planning Group (Group CSO)	Apr. 2012	Executive Officer / General Manager of Investor Relations Division	
	Managing Director of Mizuho Bank, Ltd.	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	Apr. 2007	Executive Officer / Senior Corporate Officer of Strategic Planning Group of the former Mizuho Corporate Bank, Ltd.	June 2016
	Director of Mizuho Bank, Ltd.	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.	

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)	

<u>Name (date of birth)</u>	<u>Current positions and principal outside positions</u>	<u>Business experience</u>		<u>Expiration of current term as director</u>
		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 Senior Counselor of Showa Denko K.K. External Statutory Auditor of Fukoku Mutual Life Insurance Company	Mar. 1959	Joined Mitsui Bank, Ltd.	June 2016
		Dec. 1961	Joined Showa Denko K.K.	
		May 1988	General Manager of Corporate Planning Division	
		Mar. 1989	Director / General Manager of Corporate Planning Division	
		Mar. 1993	Managing Director	
		Mar. 1995	Senior Managing Director	
		Mar. 1997	President and Chief Executive Officer	
		Jan. 2005	Representative Director and Chairman of the Board of Directors	
		June 2005	Director of Mizuho Financial Group, Inc. (current)	
		Mar. 2007	Director and Chairman of the Board of Directors of Showa Denko K.K.	
		Mar. 2010	Senior Advisor	
		Mar. 2014	Senior Counselor (current)	
Tetsuo Seki ⁽¹⁾⁽²⁾ (July 29, 1938)	Director Member of the Compensation Committee Member of the Audit Committee	Apr. 1963	Joined Yawata Iron & Steel Co., Ltd.	June 2016
		June 1993	Director of Nippon Steel Corporation	
		Apr. 1997	Managing Director	

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)

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director
Takashi Kawamura ⁽¹⁾⁽²⁾ (Dec. 19, 1939)	Director	Apr. 1962	Joined Hitachi, Ltd.	June 2016
	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,	Apr. 2003	Director (until June 2007)	
	Chairman of the Board of Hitachi Chemical Company, Ltd.	June 2003	Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering Co., Ltd.	
	Chairman of the Board, Outside Director of Hitachi Construction Machinery Co., Ltd.	June 2005	Chairman of the Board, Hitachi Plant Engineering & Construction Co., Ltd. (until June 2009)	
	Outside Director of CALBEE, Inc.	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)	

<u>Name (date of birth)</u>	<u>Current positions and principal outside positions</u>		<u>Business experience</u>	<u>Expiration of current term as director</u>
Tatsuo Kainaka ⁽¹⁾⁽²⁾ (Jan. 2, 1940)	Director	Apr. 1966	Appointed as Public Prosecutor	June 2016
	Member of the Nominating Committee	Jan. 2002	Superintending Prosecutor of the Tokyo High Public Prosecutors Office	
	Member of the Compensation Committee	Oct. 2002	Justice of the Supreme Court	
	Member of the Audit Committee	Mar. 2010	Admitted to the Tokyo Bar Association	
	Attorney-at-law at Takusyou Sogo Law Office	Apr. 2010	Joined Takusyou Sogo Law Office (current)	
	President of the Life Insurance Policyholders Protection Corporation of Japan	Jan. 2011	President of the Life Insurance Policyholders Protection Corporation of Japan (current)	
	Corporate Auditor (External) of Oriental Land Co., Ltd.	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	Jan. 1970	Joined Tohmatsu Awoki & Co.	June 2016
	Member of the Audit Committee	June 1985	Temporarily transferred to Deloitte & Touche New York Office (until Oct. 1992)	
	Certified Public Accountant Hirotake Abe Office	July 1990	Senior Partner of Tomatsu & Co.	
	Outside Corporate Auditor of CONEXIO Corporation	June 2001	CEO (until May 2007)	
	Outside Audit and Supervisory Board Member of NIPPON STEEL & SUMITOMO METAL CORPORATION	June 2004	Executive Member of Deloitte Touche Tohmatsu Limited (until May 2007)	
		June 2007	Senior Adviser of Deloitte Touche Tohmatsu (until Dec. 2009)	
		Jan. 2010	Established the Certified Public Accountant Hirotake Abe Office (current)	
		June 2015	Director of Mizuho Financial Group, Inc. (current)	

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

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) Head of Strategic Planning and Management Control (Personal Banking, Retail Banking and Corporate Banking) and Strategic Planning (Priority Assignments)	Apr. 2008	Executive Officer / General Manager of Executive Secretariat of Mizuho Financial Group, Inc.	June 2016
		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)	

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)	

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)	

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 Head of Internal Audit Group (Group CA)	<p>Apr. 2008 Executive Officer / General Manager of Corporate Banking Division No.8 of the former Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2011 Managing Executive Officer (until Apr. 2013)</p> <p>Apr. 2012 Managing Executive Officer of the former Mizuho Bank, Ltd.</p> <p>Apr. 2013 Managing Executive Officer / Head of Strategic Planning Group of Mizuho Financial Group, Inc.</p> <p>Managing Executive Officer / Head of Strategic Planning Group of the former Mizuho Bank, Ltd. (until July 2013)</p>	June 2016

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.	

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term as executive officer
		<p>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.</p>	
Apr. 2013		<p>Managing Executive Officer / Head of International Banking Unit and Head of Asset Management Unit of Mizuho Financial Group, Inc. (until Apr. 2014)</p>	
		<p>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.</p>	
		<p>Managing Executive Officer / Head of International Banking Unit and Head of Asset Management Unit of the former Mizuho Corporate Bank, Ltd.</p>	
July 2013		<p>Managing Executive Officer / Head of International Banking Unit and Head of Asset Management Unit of Mizuho Bank, Ltd.</p>	
Apr. 2014		<p>Senior Managing Executive Officer / Head of Strategic Planning and Management Control (International Banking, Investment Banking and Asset Management) of Mizuho Financial Group, Inc. (current)</p>	
Apr. 2015		<p>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)</p>	

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			
	Managing Executive Officer of Mizuho Securities Co., Ltd.	June 2011	Managing Executive Officer	
		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	

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 Head of Markets Unit Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2008 Executive Officer of Mizuho Securities Co., Ltd. / President & CEO of Mizuho Bank (Switzerland) Ltd	June 2016
		Apr. 2009 Managing Executive Officer of the former 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)	

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.	

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 Head of International Banking Unit Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2009 Senior Corporate Officer of Strategic Planning Group of the former Mizuho Corporate Bank, Ltd. Apr. 2011 Executive Officer / Senior Corporate Officer of Strategic Planning Group 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.	June 2016

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term as executive officer
		<p>Apr. 2013 Managing Executive Officer / Head of Investment Banking Unit of Mizuho Financial Group, Inc.</p> <p>Managing Executive Officer / Head of Investment Banking Unit and in charge of Business Collaboration Division (Securities & Trust Services) of the former Mizuho Bank, Ltd.</p> <p>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.</p>	
		<p>July 2013 Managing Executive Officer / Head of Investment Banking Unit and in charge of Business Collaboration Division (Securities & Trust Services) of Mizuho Bank, Ltd.</p>	
		<p>Apr. 2014 Managing Executive Officer / Head of International Banking Unit of Mizuho Financial Group, Inc. (current)</p> <p>Managing Executive Officer / Head of International Banking Unit of Mizuho Bank, Ltd. (current)</p>	
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.	

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 Head of Investment Banking Unit Head of Transaction Banking Unit Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2010 General Manager / Acquisition Finance Division of the former Mizuho Corporate Bank, Ltd. Apr. 2012 Executive Officer / General Manager of Corporate Banking Division No.13 July 2013 Executive Officer / General Manager of Corporate Banking Division No.13 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.	June 2016

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

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)			
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2011	General Manager of Executive Secretariat (until July 2013)	
		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.

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.

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

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.

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

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.

- 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:

<u>Business segment</u>	<u>Number of full-time employees</u>	<u>Average number of temporary employees</u>
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

<u>Location</u>	<u>Percentage of full-time employees</u>	<u>Average percentage of temporary employees</u>
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.

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:

<u>Directors</u>	<u>Number of shares owned</u>
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

<u>Executive Officers</u>	<u>Number of shares owned</u>
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".

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:

Plan	As of March 31, 2015	
	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		<u>104,213,764</u>

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:

<u>Name</u>	<u>As of March 31, 2015</u>	
	<u>Number of shares owned</u>	<u>Percentage of outstanding shares</u>
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	<u>4,176,438,203</u>	<u>16.97%</u>

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

<u>Name</u>	<u>As of March 31, 2015</u>	
	<u>Number of shares owned</u>	<u>Percentage of outstanding shares</u>
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	<u>62,700,000</u>	<u>29.42%</u>

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.

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.

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:

<u>Fiscal years ended/ending March 31,</u>	<u>Price per ADS</u>		<u>Average daily trading volume</u> (shares)
	<u>High</u>	<u>Low</u>	
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

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:

<u>Fiscal years ended/ending March 31,</u>	<u>Price per share</u>		<u>Average daily trading volume</u> (shares)
	<u>High</u>	<u>Low</u>	
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.”

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

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

“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.”

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.

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.

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.

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.

$$\text{Conversion price after adjustment}^{(1)} = \text{Conversion price before adjustment}^{(1)} \times \frac{\text{Number of shares of common stock already issued} + \frac{\text{Number of shares of common stock to be newly issued} \times \text{Subscription money per share}}{\text{Current market price per share}}}{\text{Number of shares of common stock already issued} + \text{Number of shares of common stock to be newly issued}}$$

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

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

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 any applicable tax treaty, convention or agreement reducing the maximum rate of Japanese withholding tax or allowing exemption from Japanese withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations on their shares of stock to non-resident holders is generally 20.42% under Japanese tax law. However, with respect to dividends paid on listed shares issued by a Japanese corporation (such as shares of our common stock or ADSs) to non-resident holders, other than any individual shareholder who holds 3% or more of the total number of shares issued by the relevant Japanese corporation, the aforementioned 20.42% withholding tax rate is reduced to 15.315% for dividends due and payable on or before December 31, 2037. Due to the imposition of a special additional withholding tax (2.1% of the original withholding tax amount) to secure funds for reconstruction from the Great East Japan Earthquake, the original withholding tax rate of 15% and 20%, as applicable, has been effectively increased, respectively, to 15.315% and 20.42%, during the period beginning on January 1, 2013 and ending on December 31, 2037.

Under the income tax treaty between the United States and Japan, the maximum rate of Japanese withholding tax which may be imposed on dividends paid to a qualified United States resident eligible to enjoy treaty benefits that is either a corporation owning, directly or indirectly, less than 10% of the voting stock of a Japanese corporation or an individual is generally reduced to 10% of the gross amount actually distributed, except where such United States resident conducts business in Japan through a permanent establishment situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. Dividends paid to pension funds which are qualified United States residents eligible to enjoy treaty benefits are exempt from Japanese income taxation by way of withholding or otherwise unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension funds. Under Japanese tax law, any reduced maximum rate applicable under a tax treaty shall be available when such maximum rate is below the rate otherwise applicable under the Japanese tax law referred to in the preceding paragraph with respect to the dividends to be paid by us on shares of our common stock or ADSs. A non-resident holder of shares of our common stock who is entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax, or exemption therefrom, as the case may be, is required to submit an Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends (together with any other required forms and documents) in advance, through the withholding agent, to the relevant tax authority before payment of dividends. A standing proxy for a non-resident holder may provide such application service. In addition, a certain simplified special filing procedure is available for non-resident holders to claim treaty benefits of exemption from or reduction of Japanese withholding tax, by submitting a Special Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stocks (together with any other required forms and documents). With respect to ADSs, this reduced rate or exemption will be applicable to non-resident holders of ADSs if the depository or its Agent submits two Application Forms (one before payment of dividends and the other within eight months after the record date concerning such payment of dividends, together with certain other documents. To claim this reduced rate or exemption, non-resident holders of ADSs will be required

to file a proof of taxpayer status, residence and beneficial ownership, as applicable, and to provide other information or documents as may be required by the depository. Non-resident holders who are entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax below the rate otherwise applicable under Japanese tax law, or exemption therefrom, as the case may be, but fail to submit the required application in advance may nevertheless be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident holders are entitled to a reduced treaty rate under the applicable tax treaty) or the full amount of tax withheld (if such non-resident holders are entitled to an exemption under the applicable tax treaty), as the case may be, by complying with a certain subsequent filing procedure.

We do not assume any responsibility to ensure withholding at the reduced rate, or exemption therefrom, for non-resident holders who would be so eligible under an applicable tax treaty but where the required procedures as stated above are not followed.

Gains derived from the sale or other disposition of shares of our common stock or ADSs outside Japan by a non-resident holder, who is a portfolio investor, are not, in general, subject to Japanese income tax or corporation tax.

Any deposits or withdrawals of shares of our common stock by a non-resident holder in exchange for ADSs are, in general, not subject to Japanese income or corporation tax.

Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired our shares of our common stock or ADSs from an individual, as a legatee, heir or donee, even if none of the acquiring individual, the decedent or the donor is a Japanese resident.

U.S. Taxation

The following sets forth the material United States federal income tax consequences of the ownership of shares and ADSs as of the date hereof. The discussion set forth below is applicable to U.S. holders (as defined below) (i) who are residents of the United States for purposes of the current income tax treaty between Japan and the United States (the “Treaty”), (ii) whose shares or ADSs are, for purposes of the Treaty, neither effectively connected with nor attributable to a permanent establishment in Japan and (iii) who otherwise qualify for the full benefits of the Treaty.

The following summary is not a complete analysis or description of all potential U.S. federal income tax consequences to a particular U.S. holder. It does not address all U.S. federal income tax considerations that may be relevant to all categories of potential purchasers, certain of which (such as banks or other financial institutions, insurance companies, dealers in securities or currencies, tax-exempt entities, non-U.S. persons, persons holding a share or an ADS as part of a “straddle,” “hedge,” conversion or integrated transaction, partnerships or other pass-through entities for U.S. federal income tax purposes, traders in securities who have elected the mark-to-market method of accounting for their securities, regulated investment companies, real estate investment trusts, holders whose “functional currency” is not the U.S. dollar, holders liable for alternative minimum tax and holders of 10% or more of our voting shares) are subject to special tax treatment. This summary does not address any foreign, state, local or other tax consequences of investments in our shares or ADSs.

This summary addresses only shares or ADSs held as capital assets.

As used herein, a “U.S. holder” is a beneficial owner of shares or ADSs, as the case may be, that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;

- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons as described in Section 7701(a)(30) of the Code or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding shares or ADSs, you should consult your tax advisor.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon representations made by the depository to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

We urge U.S. holders to consult their own tax advisors concerning the U.S. federal, state and local and other tax consequences to them of the purchase, ownership and disposition of shares or ADSs.

ADSs

If a U.S. holder holds ADSs, for U.S. federal income tax purposes, such holder will generally be treated as the owner of the underlying shares that are represented by such ADSs. Accordingly, deposits or withdrawals of shares in exchange for ADSs are not subject to U.S. federal income tax.

Taxation of Dividends

Subject to the discussion under “—U.S. Taxation—Passive Foreign Investment Company Rules” below, the gross amount of any distribution received with respect to our shares or ADSs (including amounts withheld to reflect Japanese withholding taxes), will be taxable as dividends, to the extent paid out of the current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). The amount of distribution of property other than cash will be the fair market value of such property on the date of the distribution. Such cash or non-cash income, including withheld taxes, will be includable in a U.S. holder’s gross income as ordinary income on the day actually or constructively received by such U.S. holder in the case of shares, or by the depository, in the case of ADSs. Such dividends received by a U.S. holder will not be eligible for the “dividends-received deduction” allowed to U.S. corporations in respect of dividends received from other U.S. corporations. To the extent that an amount received by a U.S. holder exceeds such holder’s allocable share of our current and accumulated earnings and profits, such excess will be applied first to reduce such holder’s tax basis in its shares or ADSs, thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent disposition of the shares or ADSs. Then, to the extent such distribution exceeds such U.S. holder’s tax basis, such excess will be treated as capital gain. However, we do not expect to keep earnings and profits in accordance with U.S. federal income tax principles. Therefore, U.S. holders should expect that a distribution will generally be treated as a dividend.

The amount of the dividend paid in yen will be the U.S. dollar value of the yen payments received. This value will be determined at the spot yen/U.S. dollar rate on the date the dividend is received by the depository in the case of U.S. holders of ADSs, or by the shareholder in the case of U.S. holders of shares, regardless of whether the dividend payment is in fact converted into U.S. dollars at that time. If the yen received as a dividend are not converted into U.S. dollars on the date of receipt, a U.S. holder will have basis in such yen equal to their dollar value on the date of receipt, and any foreign currency gains or losses resulting from the conversion of the yen will generally be treated as U.S. source ordinary income or loss.

The maximum rate of withholding tax on dividends paid to you pursuant to the treaty is 10%. As discussed under “—Taxation” above, if the Japanese statutory rate is lower than the maximum applicable Treaty rate, the Japanese statutory rate will be applicable. If the statutory rate applicable to you is higher than the maximum Treaty rate, you will be required to properly demonstrate to us and the Japanese tax authorities your entitlement to the reduced withholding rate under the Treaty. Subject to certain limitations, the Japanese tax withheld may be creditable against the U.S. holder’s U.S. federal income tax liability or may be claimed as a deduction from the U.S. holder’s federal adjusted gross income provided that the U.S. holder elects to deduct all foreign taxes paid on the same taxable year. For foreign tax credit limitation purposes, the dividend will be income from sources outside the United States. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends we pay will generally constitute “passive category income.” Further, in certain circumstances, if a U.S. holder:

- has held shares or ADSs for less than a specified minimum period during which such U.S. holder is not protected from the risk of loss; or
- is obligated to make payments related to the dividends,

such U.S. holder will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on shares or ADSs. The rules governing U.S. foreign tax credits are very complex and U.S. holders should consult their tax advisors regarding the availability of foreign tax credits under their particular circumstances.

With respect to non-corporate U.S. investors, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The U.S. Treasury Department has determined that the Treaty meets these requirements. In addition, it is expected that we will be eligible for the benefits of the Treaty. A foreign corporation is also treated as a qualified foreign corporation with respect to individuals paid by that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the New York Stock Exchange), but not the shares, are readily tradable on an established securities market in the United States. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. Non-corporate holders who do not meet a minimum holding period requirement during which they are not protected from a risk of loss or that elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. U.S. holders should consult their own tax advisors regarding the application of the foregoing rules to their particular circumstances.

Taxation of Capital Gains

Subject to the discussion under “—U.S. Taxation—Passive Foreign Investment Company Rules” below, upon a sale or other disposition of shares or ADSs, a U.S. holder will recognize gain or loss in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. holder’s tax basis, determined in U.S. dollars, in such shares or ADSs. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. holder’s holding period for such shares or ADSs exceeds one year. A U.S. holder’s tax basis in its shares or ADSs will generally be the cost to the holder of such shares or ADSs. Any such gain or loss realized by a U.S. holder upon disposal of the shares or ADSs will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company Rules

Based on our projected composition of income and valuation of assets, including goodwill, we do not believe that we will be a passive foreign investment company (“PFIC”) for this year and do not expect to become one in the future, although there can be no assurance in this regard. However, PFIC status is a factual determination that is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in valuation or composition of our income or assets. In addition, this determination is based in part upon certain proposed U.S. Treasury regulations that are not yet in effect (the “Proposed Regulations”) and are subject to change in the future. The Proposed Regulations and other administrative pronouncements from the Internal Revenue Service (the “IRS”) provide special rules for determining the character of income and assets derived in the banking business for purposes of the PFIC rules. Although we believe we have adopted a reasonable interpretation of the Proposed Regulations and administrative pronouncements, there can be no assurance that the IRS will follow the same interpretation.

In general, a foreign corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income; or
- at least 50% of the value of its assets is attributable to assets that produce or are held for the production of passive income.

The 50% of value test is based on the average of the value of our assets for each quarter during the taxable year. If we own at least 25% by value of another company’s stock, we will be treated, for purposes of the PFIC rules, as owning the proportionate share of the assets and receiving our proportionate share of the income of that company.

If we are a PFIC for any taxable year during which a U.S. holder holds shares or ADSs, the U.S. holder will be subject to special tax rules with respect to any “excess distribution” that the U.S. holder receives and any gain the U.S. holder realizes from the sale or other disposition (including a pledge) of shares or ADSs. Additionally, non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

These special tax rules generally will apply even if we cease to be a PFIC in future years. Distributions U.S. holders receive in a taxable year that are greater than 125% of the average annual distributions they received during the shorter of the three preceding taxable years or their holding period for shares or ADSs will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder’s holding period for shares or ADSs;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Alternatively, a U.S. holder could make a mark-to-market election provided that shares or ADSs are regularly traded on a qualified exchange. Under current law, the mark-to-market election may be available to U.S. holders of ADSs because the ADSs are listed on the New York Stock Exchange which constitutes a qualified exchange, although there can be no assurance that the ADSs will be “regularly traded” for purposes of the mark-to-market election. Under current law, the mark-to-market election may be available to U.S. holders of shares because the shares are listed on the Tokyo Stock Exchange, which constitutes a qualified exchange, although there can be no assurance that the shares will be “regularly traded” for purposes of the mark-to-market election. In addition, a U.S. holder of shares in a PFIC can sometimes avoid the rules described above by electing

to treat the company as a “qualified electing fund” under Section 1295 of the Code. This option is not available to U.S. holders of shares because we do not intend to comply with the requirements necessary to permit U.S. holders to make this election.

If a U.S. holder holds shares or ADSs in any year in which we are classified as a PFIC, such holder may be required to file IRS Form 8621.

U.S. holders should consult their own tax advisors concerning the determination of our PFIC status and the U.S. federal income tax consequences of holding shares or ADSs if we are considered a PFIC in any taxable year.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends in respect of the shares or ADSs or the proceeds from the sale, exchange or redemption of the shares or ADSs paid within the United States, and, in some cases, outside of the United States, to you, unless you are an exempt recipient. In addition, backup withholding tax may apply to those amounts if you fail to provide an accurate taxpayer identification number or fail either to report interest and dividends required to be shown on your U.S. federal income tax returns or make certain certifications. The amount of any backup withholding from a payment to you will be allowed as a refund or credit against your U.S. federal income tax liability, provided you furnish the required information to the IRS.

Certain U.S. holders are required to report information with respect to their investment in shares or ADSs not held in an account maintained by certain financial institution to the IRS. Investors who fail to report required information by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, on their tax return for each year in which they hold shares or ADSs could become subject to substantial penalties. Potential investors are urged to consult with their own tax advisors regarding the possible implications of these rules on their investment in shares or ADSs.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We file annual reports on Form 20-F with, and furnish periodic reports on Form 6-K to, the U.S. Securities and Exchange Commission. These reports, including this annual report on Form 20-F and the exhibits thereto, and other information can be inspected without charge at the Commission’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of such materials by mail, at prescribed fees, from the Commission’s Public Reference Room or from commercial document retrieval services. You may obtain information on the operation of the Commission’s Public Reference Room by calling the Securities and Exchange Commission in the United States at 1-800-SEC-0330. You can also access to the documents filed via the Electronic Data Gathering, Analysis, and Retrieval system on the Commission’s website (<http://www.sec.gov>).

10.I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Progress in financial deregulation and internationalization has led to growth in the diversity and complexity of banking operations, exposing financial institutions to various risks, including credit, market operations, information technology, legal, settlement and other risks. We recognize the conducting of operations tailored to the risks and managing such risks as a key issue relating to overall management. In order to implement our business strategy while maintaining our financial stability, we maintain comprehensive risk management and control measures. We maintain basic policies for risk management established by our Board of Directors that are applicable to the entire Mizuho group. These policies clearly define the kinds of risks to be managed, set forth the organizational structure and provide for the human resources training necessary for appropriate levels of risk management. The policies also provide for audits to measure the effectiveness and suitability of the risk management structure. In line with these basic policies, we maintain various measures to strengthen and enhance the sophistication of our risk management system. All yen figures and percentages in this item are truncated. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

Approach to the Basel Regulatory Framework

Basel III Framework, the regulations for international standards of the health of banks, is being phased in from 2013, which consists of minimum capital requirements, a leverage ratio and a global liquidity standard. Basel III is based on the Basel II framework which requires the observance of “three pillars.” “Pillar 1” is minimum requirements relating to risk which should be maintained by banks. “Pillar 2” is the self-disciplined risk management by financial institutions with a supervisory review process. “Pillar 3” is market discipline allowing for assessment by the market through appropriate disclosure.

We have been calculating our capital adequacy ratios by applying the AIRB approach for the calculation of credit risk from March 31, 2009 and the AMA for the calculation of operational risk from September 30, 2009. In Japan, from March 31, 2013, the minimum capital requirements based on Basel III began to be phased in, and we have been calculating capital adequacy ratios based on the revisions to capital adequacy guidelines published by the Financial Services Agency. The Basel Committee continues to review the treatments related to capital requirements. We will comply with new requirements appropriately. And we have been identified as a G-SIB by the Financial Stability Board in November 2014. In case we are to be identified as a G-SIB, the stricter capital requirements will be applied.

A leverage ratio also has been implemented under “Pillar 3” from March 31, 2015 and we began disclosing it. And a global liquidity standard has been implemented under “Pillar 1” from March 31, 2015 in Japan and we have been calculating our liquidity coverage ratio.

Overview of Risk Management

Risk Management Structure

Each of our subsidiaries adopts appropriate risk management measures for its business based on the size and nature of its risk exposures, while Mizuho Financial Group controls risk management for the Mizuho group as a whole. At Mizuho Financial Group, the Risk Management Committee chaired by the Group Chief Risk Officer provides integrated monitoring and management of the overall risk for the Mizuho group. The Group Chief Risk Officer reports the risk management situation to the Board of Directors, the Audit Committee, the Executive Management Committee and the President & Group CEO, on a regular basis and as needed. Mizuho Financial Group regularly receives reports and applications concerning the risk management situation from our principal banking subsidiaries and other core group companies and gives them appropriate instructions concerning risk management. Our principal banking subsidiaries and other core group companies each maintains its own system for managing various types of risk, regularly receiving reports on the status of risk at their respective subsidiaries, and gives them appropriate instructions concerning risk management.

Basic Approach

We classify our risk exposures according to the various kinds of risk, including credit risk, market risk, liquidity risk and operational risk, and manage each type of risk according to its characteristics. In addition to managing each type of risk individually, we have established a risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses to keep risk within limits that are managerially acceptable in both qualitative and quantitative terms. In line with the basic policies relating to overall risk management laid down by Mizuho Financial Group, companies within the Mizuho group identify risk broadly and take a proactive and sophisticated approach to risk management, including methodologies for operations that involve exposures to multiple categories of risk such as settlement and trust businesses.

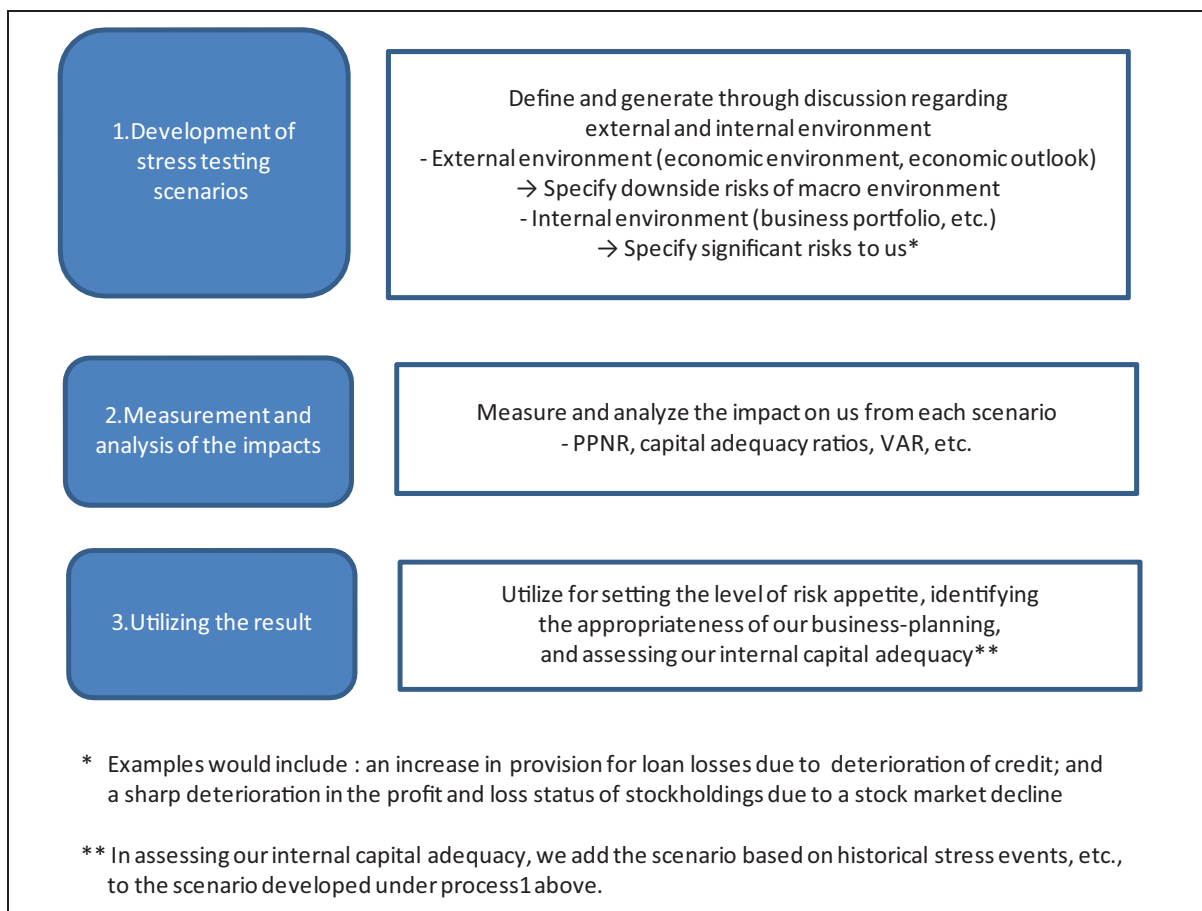
Risk Capital Allocation

We endeavor to obtain a clear grasp of the group's overall risk exposure and have implemented measures to keep such risks within the group's financial base in accordance with the risk capital allocation framework. More specifically, we allocate risk capital to our principal banking subsidiaries, including their respective subsidiaries, and other core group companies to control risk within the limits set for each company. We also control risk within managerially acceptable limits by working to ensure that the overall risk we hold on a consolidated basis does not exceed shareholders' equity and other measures of financial strength. To ensure the ongoing financial health of Mizuho Financial Group, our principal banking subsidiaries and other core group companies, we regularly monitor the manner in which risk capital is being used in order to obtain a proper grasp of the risk profile within this framework. Reports are also submitted to the Board of Directors and other committees of each company. Risk capital is allocated to Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities by risk category, and is further allocated within their respective business units based on established frameworks.

Stress Testing

We conduct stress testing based on several scenarios, such as economic recession and turmoil in financial markets. We measure and analyze the impacts on us from each scenario. The results of stress testing are utilized for setting the level of risk appetite, identifying the appropriateness of our business planning, and assessing our internal capital adequacy. Our stress testing scenarios are formulated through discussions regarding down-side risks in the macro-environment based on underlying macroeconomic events and economic outlook and significant risks for us specified through analysis of our business portfolio. We estimate the impact on us by setting parameters such as economic output, stock market and interest rate levels for each scenario.

(the process of our stress testing)



Credit Risk Management

We define credit risk as the Mizuho group's exposure to the risk of losses that may be incurred due to a decline in, or total loss of, the value of assets (including off-balance-sheet instruments), as a result of deterioration in obligors' financial position. We have established the methods and structures necessary for grasping and managing credit risk, which has become increasingly complex due to financial deregulation, internationalization and the growing sophistication of transactions. Mizuho Financial Group manages credit risk for the Mizuho group as a whole. More specifically, we have adopted two different but mutually complementary approaches in credit risk management. The first approach is "credit management," in which we manage the process for each individual transaction and individual obligor from execution until collection, based on our assessment of the credit quality of the customer. Through this process, we curb losses in the case of a credit event. The second is "credit portfolio management," in which we utilize statistical methods to assess the potential for losses related to credit risk. Through this process, we identify credit risks and respond appropriately.

Credit Risk Management Structure

Credit Risk Management of the Mizuho Group

Our Board of Directors determines the Mizuho group's basic matters pertaining to credit risk management. In addition, the Risk Management Committee of Mizuho Financial Group broadly discusses and coordinates matters relating to basic policies and operations in connection with credit risk management and matters relating to credit risk monitoring for the Mizuho group. Under the control of the Group Chief Risk Officer of Mizuho Financial Group, the Risk Management Division and the Credit Risk Management Division jointly monitor, analyze and submit suggestions concerning credit risk and formulate and execute plans in connection with basic matters pertaining to credit risk management.

Credit Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies

Our principal banking subsidiaries and other core group companies manage their credit risk according to the scale and nature of their exposures in line with basic policies set forth by Mizuho Financial Group. The Board of Directors of each company determines key matters pertaining to credit risk management. Their respective business policy committees are responsible for discussing and coordinating overall management of their individual credit portfolios and transaction policies towards obligors. The Chief Risk Officer of each principal banking subsidiary and core group company is responsible for matters relating to planning and implementing credit risk management. The credit risk management division of each principal banking subsidiary is responsible for planning and administering credit risk management and conducting credit risk measuring and monitoring, and such division regularly presents reports regarding its risk management situation to Mizuho Financial Group. Each credit division determines policies and approves/disapproves individual transactions in terms of credit review, credit management and collection from customers in accordance with the lines of authority set forth by each principal banking subsidiary. In addition each of our principal banking subsidiaries has established internal audit divisions that are independent of the business divisions in order to ensure appropriate credit risk management.

Individual Credit Management

Credit Codes

The basic code of conduct for all of our officers and employees engaged in the credit business is set forth in our credit code. Seeking to fulfill the bank's public and social role, our basic policy for credit business is determined in light of fundamental principles focusing on public welfare, safety, growth and profitability.

Internal Rating System

One of the most important elements of the risk management infrastructure of our principal banking subsidiaries is the use of an internal rating system that consists of credit ratings and pool allocations. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings

which represent the possibility of ultimately incurring losses related to each individual claim by taking into consideration the nature of any collateral or guarantee and the seniority of the claim. In principle, obligor ratings apply to all obligors and are subject to regular reviews at least once a year to reflect promptly the fiscal period end financial results of the obligors, as well as special reviews as required whenever an obligor's credit standing changes. This enables our principal banking subsidiaries to monitor both individual obligors and the status of the overall portfolio in a timely fashion. Because we consider obligor ratings to be an initial phase of the self-assessment process regarding the quality of our loans and off-balance-sheet instruments, such obligor ratings are closely linked to the obligor classifications and are an integral part of the process for determining the provision for loan losses and charge-offs in our self-assessment of loans and off-balance-sheet instruments.

Pool allocations are applied to small claims that are less than a specified amount by pooling customers and claims with similar risk characteristics and assessing and managing the risk for each such pool. We efficiently manage credit risk and credit screening by dispersing a sufficient number of small claims within each pool. We generally review the appropriateness and effectiveness of our approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures.

Self-assessment, Provision for Loan Losses and Off-Balance-Sheet Instruments and Charge-Offs

We conduct self-assessment of assets to ascertain the status of assets both as an integral part of credit risk management and in preparation for appropriate accounting treatment, including provision for loan losses and off-balance-sheet instruments and charge-offs. During the process of self-assessment, obligors are categorized into certain groups taking into consideration their financial condition and their ability to make payments, and credit ratings are assigned to all obligors, in principle, to reflect the extent of their credit risks. The related assets are then categorized into certain classes based on the risk of impairment. This process allows us to identify and control the actual quality of assets and determine the appropriate accounting treatment, including provision for loan losses and off-balance-sheet instruments and charge-offs. Specifically, the credit risk management division of each of our principal subsidiaries is responsible for the overall control of the self-assessment of assets of the respective banking subsidiaries, cooperating with the administrative divisions specified for each type of asset, including loan portfolios and securities, in executing and managing self-assessments.

Credit Review

Prevention of new impaired loans through routine credit management is important in maintaining the quality of our overall loan assets. Credit review involves analysis and screening of each potential transaction within the relevant business division. In case the screening exceeds the authority of the division, the credit division at headquarters carries out the review. The credit division has specialist departments for different industries, business sizes and regions, carries out timely and specialized examinations based on the characteristics of the customer and its market, and provides appropriate advice to the business division. In addition, in the case of obligors with low credit ratings and high downside risks, the business division and credit division jointly clarify their credit policy and in appropriate cases assist obligors at an early stage in working towards credit soundness.

Corporate Restructuring, Collection and Disposal of Impaired Loans

With respect to collection and disposal of impaired loans, our specialist unit maintains central control and pursues corporate restructuring or collection efforts, as appropriate, toward taking the impaired loans off-balance. Specifically, we believe that supporting the restructuring efforts of corporations is an important role for financial institutions, and we support corporations undergoing restructuring by reviewing business plans, advising on restructuring methods and utilizing corporate restructuring schemes such as divestitures and mergers and acquisitions, taking advantage of our group-wide resources. These efforts have been steadily producing satisfactory results. In addition, we work on final disposal of impaired loans efficiently and swiftly by conducting bulk sales and by utilizing Mizuho Servicing Co., Ltd., our subsidiary that specializes in performing debt collection services for our group companies. In the case of debt forgiveness, we examine the borrower's

condition carefully and make a determination based on the possible impact on the interests of shareholders and depositors. We provide debt forgiveness as per industry guidelines that are shared among members of the Japanese Bankers Association.

Portfolio Management

Risk Measurement

We use statistical methods to manage the possibility of losses by measuring the expected average loss for a one-year risk horizon (“Expected Loss”) and the maximum loss within a certain confidence interval (“credit VaR”). The difference between expected loss and credit VaR is measured as the credit risk amount (“Unexpected Loss”).

In establishing transaction spread guidelines for credit transactions, we aim to ensure an appropriate return from the transaction in light of the level of risk by utilizing credit cost data as a reference. Also, we monitor our credit portfolio from various perspectives and set guidelines noted below so that losses incurred through a hypothetical realization of the full credit VaR would be within the amount of risk capital and loan loss reserves.

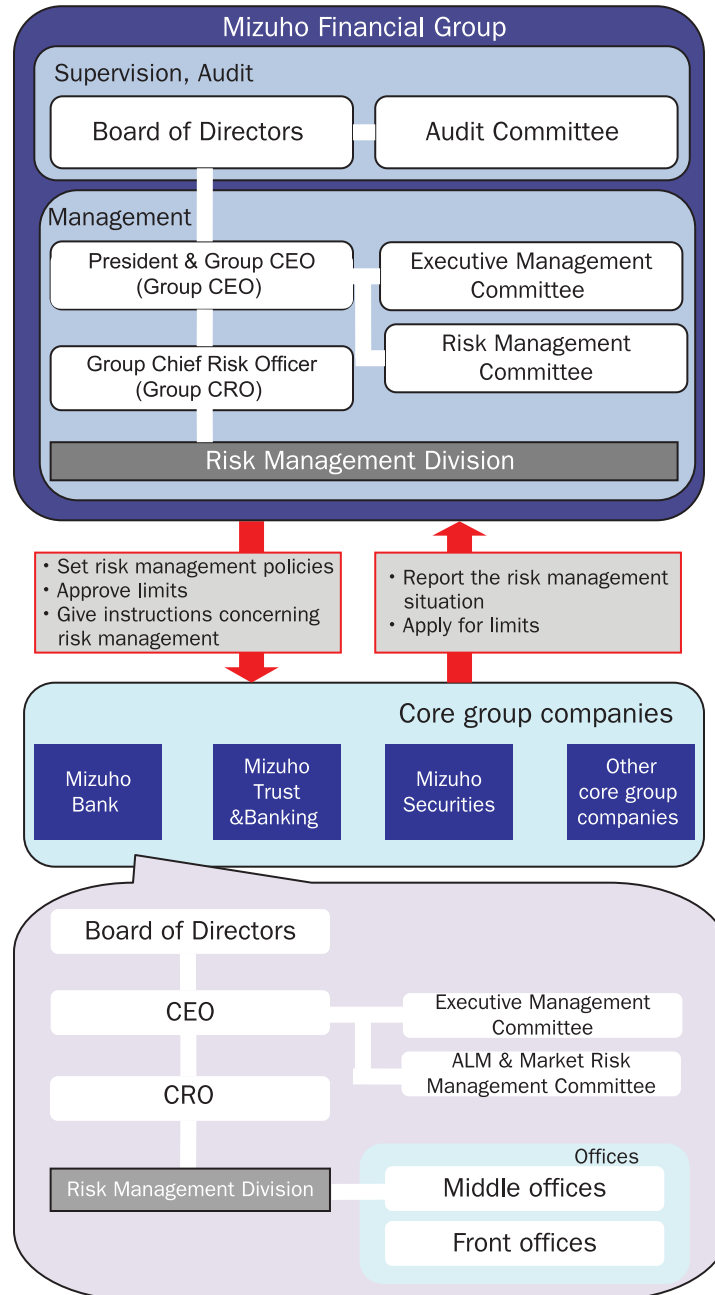
Risk Control Methods

We recognize two types of risk arising from allowing unexpected loss to become too large. One type is “credit concentration risk,” which stems from granting excessive credit to certain individual counterparties or corporate groups. The other type is “chain-reaction default risk,” which arises from granting excessive credit to certain, areas, industrial sectors and other groupings. We make appropriate management to control these risks in line with our specific guidelines for each. The individual risk management divisions of our principal banking subsidiaries are responsible for monitoring adherence to these guidelines and reporting to their respective business policy committees.

Market and Liquidity Risk Management

We define market risk as the risk of losses incurred by the group due to fluctuations in interest rates, stock prices and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual. We define liquidity risk as the risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual. Mizuho Financial Group manages market and liquidity risk for the Mizuho group as a whole.

The following diagram shows our risk management structure:



Market Risk Management Structure

Market Risk Management of the Mizuho Group

Our Board of Directors determines basic matters pertaining to market risk management policies. The Risk Management Committee of Mizuho Financial Group broadly discusses and coordinates matters relating to basic policies in connection with market risk management, market risk operations and market risk monitoring. The Group Chief Risk Officer of Mizuho Financial Group is responsible for matters relating to market risk management planning and operations.

The Risk Management Division of Mizuho Financial Group is responsible for monitoring market risk, reports and analyses, proposals, setting limits and guidelines, and formulating and implementing plans relating to market risk management. The Risk Management Division assesses and manages the overall market risk of the Mizuho group. It also receives reports from our principal banking subsidiaries and other core group companies on their market risk management that enable it to obtain a solid grasp of the risk situation, submitting reports to the President & Group CEO on a daily basis and to our Board of Directors and the Executive Management Committee of Mizuho Financial Group on a regular basis.

To manage market risk, we set limits that correspond to risk capital allocations according to the risk profiles of our principal banking subsidiaries and other core group companies and thereby prevent market risk from exceeding our ability to withstand losses based on our financial strength represented by capital, etc. The amount of risk capital allocated to market risk corresponds to VaR and additional costs that may arise in order to close relevant positions. For trading and banking activities, we set limits for VaR and for losses. For banking activities, we set position limits based on interest rate sensitivity as needed.

These limits are discussed and coordinated by the Risk Management Committee, discussed further by the Executive Management Committee, then determined by the President & Group CEO. Various factors are taken into account including business strategies, historical limit usage ratios, risk-bearing capacity (profits, total capital and risk management systems), profit targets and the market liquidity of the products involved.

Market Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies

Our principal banking subsidiaries, which account for most of the Mizuho group's exposure to market risk, have formulated their basic policies in line with the basic policies determined by Mizuho Financial Group. Their Boards of Directors determine important matters relating to market risk management while their Chief Executive Officers are responsible for controlling market risk. Their respective business policy committees, including their ALM & Market Risk Management Committees, are responsible for overall discussion and coordination of market risk management. Specifically, these committees discuss and coordinate matters relating to basic asset and liability management policies, risk planning and market risk management. The Chief Risk Officer of each subsidiary is responsible for matters pertaining to planning and implementing market risk management. Based on a common Mizuho group risk capital allocation framework, the above-mentioned companies manage market risk by setting limits according to the risk capital allocated to market risk by Mizuho Financial Group.

These companies have established specialized company-wide market risk management divisions to provide integrated monitoring of market risk, submit reports, analyses and proposals, set limits and formulate and implement plans relating to market risk management. The risk management divisions of each company submit reports on the status of market risk management to their respective Chief Executive Officers and top management on a daily basis, and to their Board of Directors and Executive Management Committee on a regular basis. They also provide regular reports to Mizuho Financial Group. To provide a system of mutual checks and balances in market operations, they have established middle offices specializing in risk management that are independent of their front offices, which engage in market transactions, and their back offices, which are responsible for book entries and settlements. When VaR is not adequate to control risk, the middle offices manage risk using

additional risk indices, carry out stress tests and set stop loss limits as needed. They monitor their market liquidity risk for individual financial products in the market while taking turnover and other factors into consideration.

Value-at-Risk

We use the value-at-risk (the “VaR”) method, supplemented with stress testing, as our principal tool to measure market risk. The VaR method measures the maximum possible loss that could be incurred due to market movements within a certain time period (or holding period) and degree of probability (or confidence interval).

Trading Activities

VaR related to our trading activities is based on the following:

- variance co-variance model for linear risk and Monte-Carlo simulation for non-linear risk, which are simply aggregated to determine total risk;
- confidence interval: one-tailed 99.0%;
- holding period of one day; and
- historical observation period of one year.

The following tables show the VaR related to our trading activities by risk category for the fiscal years ended March 31, 2013, 2014 and 2015 and as of March 31, 2013, 2014 and 2015:

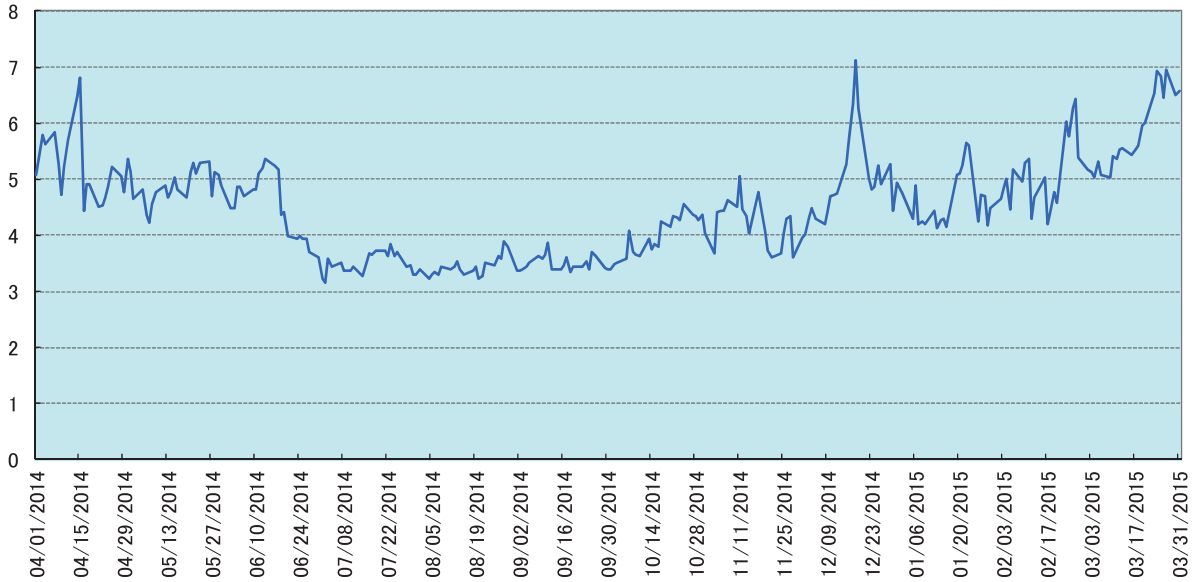
<u>Risk category</u>	<u>Fiscal year ended March 31, 2013</u>			<u>As of March 31, 2013</u>
	<u>Daily average</u>	<u>Maximum</u>	<u>Minimum</u>	
	(in billions of yen)			
Interest rate	¥1.6	¥2.2	¥1.1	¥1.2
Foreign exchange	2.3	3.4	1.1	2.7
Equities	0.5	0.9	0.1	0.4
Commodities	0.0	0.0	0.0	0.0
Total	¥3.4	¥4.6	¥2.6	¥3.5

<u>Risk category</u>	<u>Fiscal year ended March 31, 2014</u>			<u>As of March 31, 2014</u>
	<u>Daily average</u>	<u>Maximum</u>	<u>Minimum</u>	
	(in billions of yen)			
Interest rate	¥2.0	¥2.7	¥1.5	¥1.6
Foreign exchange	4.1	5.6	1.1	4.8
Equities	1.0	3.1	0.2	0.4
Commodities	0.0	0.0	0.0	0.0
Total	¥5.7	¥7.4	¥3.3	¥5.4

<u>Risk category</u>	<u>Fiscal year ended March 31, 2015</u>			<u>As of March 31, 2015</u>
	<u>Daily average</u>	<u>Maximum</u>	<u>Minimum</u>	
	(in billions of yen)			
Interest rate	¥1.8	¥2.6	¥1.4	¥1.5
Foreign exchange	3.0	5.8	1.6	5.6
Equities	0.5	1.3	0.2	0.3
Commodities	0.0	0.0	0.0	0.0
Total	¥4.4	¥7.1	¥3.1	¥6.5

The following graph shows VaR figures of our trading activities for the fiscal year ended March 31, 2015:

(VaR: billions of yen)



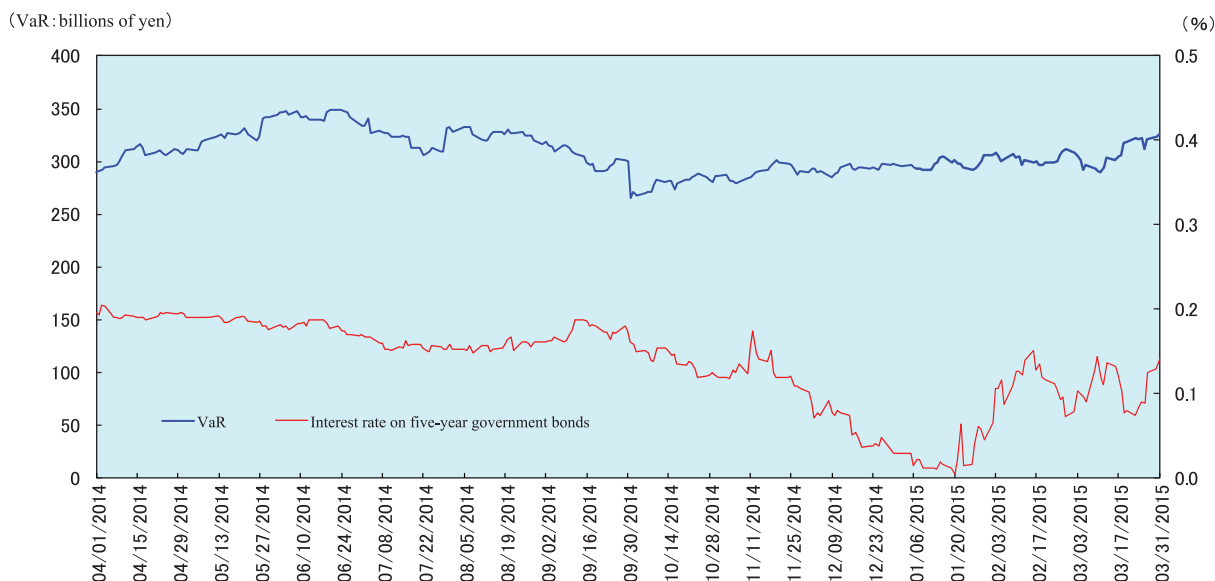
The following table shows VaR figures of our trading activities for the fiscal years indicated:

	Fiscal years ended March 31,			
	2013	2014	2015	Change
As of fiscal year end	¥3.5	¥5.4	¥6.5	¥ 1.1
Maximum	4.6	7.4	7.1	(0.3)
Minimum	2.6	3.3	3.1	(0.2)
Average	3.4	5.7	4.4	(1.2)
The number of cases where losses exceeded VaR	1	0	2	2

Non-trading Activities

The VaR related to our banking activities is based on the same conditions as those of trading activities, but the holding period is one month.

The graph below shows the VaR related to our banking activities excluding our strategically-held equity portfolio for the year ended March 31, 2015:



The following table shows the VaR figures relating to our banking activities for the fiscal years indicated:

	Fiscal years ended March 31,			
	2013	2014	2015	Change
	(in billions of yen)			
As of fiscal year end	¥215.9	¥281.7	¥325.6	¥43.8
Maximum	297.9	300.7	349.0	48.3
Minimum	213.3	186.8	265.0	78.2
Average	246.3	253.5	307.9	54.4

VaR is a commonly used market risk management technique. However, VaR models have the following shortcomings:

- By its nature as a statistical approach, VaR estimates possible losses over a certain period at a particular confidence level using past market movement data. Past market movement, however, is not necessarily a good indicator of future events, particularly potential future events that are extreme in nature.
- VaR may underestimate the probability of extreme market movements.
- The use of a 99.0% confidence level does not take account of, nor makes any statement about, any losses that might occur beyond this confidence level.
- VaR does not capture all complex effects of various risk factors on the value of positions and portfolios and could underestimate potential losses.

We also conduct interest sensitivity analyses of interest risk, our main source of market risk. The following table shows sensitivity to yen interest risk in our banking activities as of the dates indicated. Interest rate sensitivity (10 BPV) shows how much net present value varies when interest rates rise by 10 basis points (0.1%), and it explains the impact of interest rate movements on net present value when short- and long-term interest rates behave differently.

	As of March 31,			Change
	2013	2014	2015	
	(in billions of yen)			
Up to one year	¥ (7)	¥ (2)	¥ (1)	¥ 1
From one to five years	(56)	(47)	(35)	11
Over five years	(35)	(12)	(14)	(2)
Total	¥(99)	¥(62)	¥(51)	¥11

Stressed Value-at-Risk

The stressed value-at-risk (“stressed VaR”) measurement is based on a continuous 12-month period of significant financial stress.

Stressed VaR related to our trading activities is based on the following:

- variance co-variance model for linear risk and Monte-Carlo simulation for non-linear risk, which are simply aggregated to determine total risk;
- confidence interval: one-tailed 99.0%;
- holding period of one day; and
- historical observation period of one year of significant financial stress.

The following table shows stressed VaR figures of our trading activities for the fiscal years indicated:

	Fiscal years ended March 31,			
	2013	2014	2015	Change
	(in billions of yen)			
As of fiscal year end	¥ 9.2	¥12.6	¥20.2	¥7.5
Maximum	12.0	15.3	24.8	9.5
Minimum	5.0	8.3	8.5	0.2
Average	8.0	11.6	13.2	1.5

Strategically-held Equity Portfolio Management Activities

We take the market risk management approach with use of VaR and risk indices for strategically-held equity portfolio management activities as well as for trading activities and non-trading activities. The risk index for strategically-held equity portfolio management for the fiscal year ended March 31, 2015, consisting of the sensitivity of the strategically-held equity portfolio to a 1% change in the equity index of TOPIX, was ¥37.4 billion.

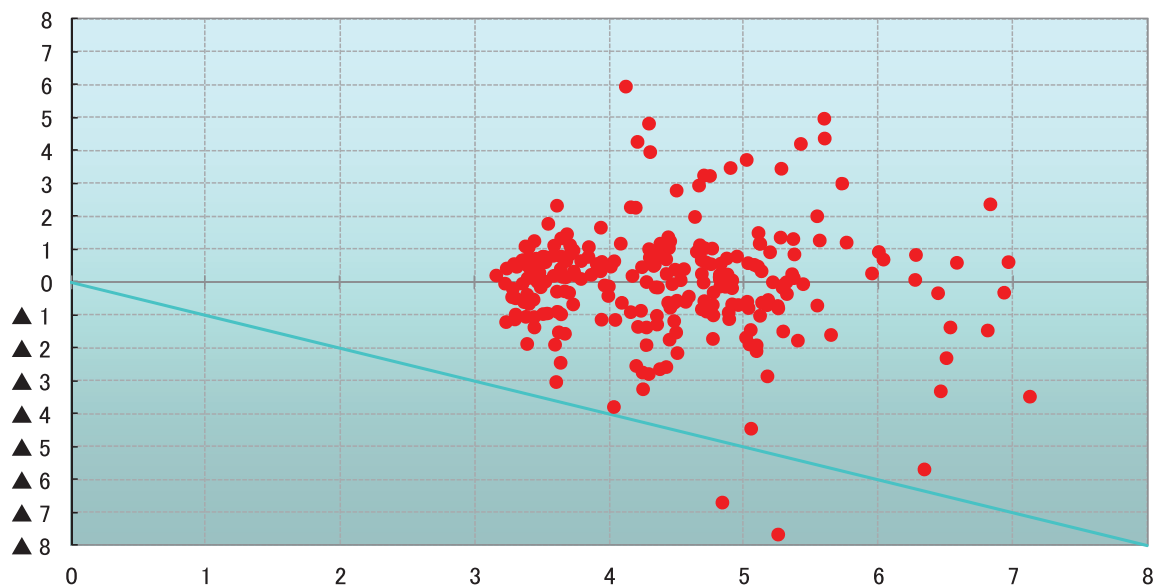
Back Testing and Stress Testing

In order to evaluate the effectiveness of market risk measurements calculated using the value-at-risk method, we carry out regular back tests to compare value-at-risk with assumptive profits and losses. Assumptive profits and losses accounts for general market risk. The graph below shows daily value-at-risk of trading activities for the fiscal year ended March 31, 2015 and the corresponding paired distribution of profits and losses.

We had two cases where losses exceeded value-at-risk during the period. In addition, we conduct evaluations of the assumptions related to the value-at-risk models. Based on the number of times losses exceeded VaR through back testing and the results of the evaluation of the model assumptions, we will make adjustments to the models as appropriate. Changes to fundamental portions of the VaR models are subject to the approval of our Group Chief Risk Officer.

Back Testing for the fiscal year ended March 31, 2015

(assumptive profit or loss
: billions of yen)



(VaR: billions of yen)

Note: We conduct our back testing and assess the number of cases where losses exceed VaR based on a 250 business day year. The expected average number of instances where one-day trading losses exceeded VaR at the 99% confidence level is 2.5.

Because the value-at-risk method is based on statistical assumptions, we conduct stress testing to simulate the levels of losses that could be incurred in cases where the market moves suddenly to levels that exceed these assumptions. The stress testing methods we use include the calculation of losses on the basis of the largest fluctuations occurring over a period of more than five years and the calculation of losses based on market fluctuations occurring during historical market events. In addition, we conduct stress testing based on a sharp drop in the price of securitization and other products due to diminished market liquidity. The table below shows the assumed maximum loss results of stress testing in trading activities using the methods described above:

<u>Assumed maximum loss results</u>	<u>As of March 31, 2015</u> (in billions of yen)
Assumed maximum loss result calculated by stress testing (holding period: one month)	¥69.2
Assumed maximum loss result calculated by stress testing based on a sharp drop in the price of securitization and other products due to diminished market liquidity (holding period: one year)	9.0

Outlier Criteria

As part of the capital adequacy requirements under the Basel Regulatory Framework, the losses arising from a banking book in hypothetical interest rate shock scenarios under certain stress conditions are calculated and compared with Broadly-defined capital. If the interest rate risk of the banking book leads to an economic value decline of more than 20% of Broadly-defined capital, we will be deemed an “outlier” and may be required to reduce the banking book risk or adopt other responses. We measure losses arising from our banking book each month as a part of our stress tests.

The table below shows the results of calculations of losses in the banking book in cases where interest rate fluctuations occur under stress conditions. The results of calculations of losses in the banking book show that they are 5.5% of broadly-defined capital. Because the amount of risk on the banking book is therefore well under the 20% threshold and within controllable limits, we do not fall under the “outlier” category. The loss ratio to capital increased from the previous fiscal year due mainly to the increase of interest rate risk.

<u>Results of calculations under the outlier framework</u>	<u>Amount of loss</u>	<u>Broadly-defined capital</u>	<u>Loss ratio to capital</u>
	(in billions of yen, except percentages)		
As of March 31, 2013	¥499.1	¥8,344.5	5.9%
As of March 31, 2014	386.6	8,655.9	4.4
As of March 31, 2015	529.2	9508.4	5.5
Effect of yen interest rate	77.9		
Effect of dollar interest rate	364.7		
Effect of euro interest rate	69.3		

Notes:

- (1) In the above results of calculations of losses, a part of demand deposits without fixed intervals for amending applicable interest rates is deemed core deposits and is treated accordingly in the calculation.
- (2) For the interest rate shock scenario used in connection with the above figures, we generate annual rate fluctuation data for five years derived from daily raw historical interest rate data of the past six years and then apply the actual fluctuation data, which show a rise in interest rates, at a 99.0% confidence level to the shock scenario.

Market Risk Equivalent

In order to calculate the amount of capital necessary to meet the capital requirements relating to market risk (the “market risk equivalent”), we apply internal models to calculate general market risk (risks related to factors that apply generally to the market, e.g., interest rates, foreign exchange rates) and the standardized measurement method to calculate specific risks (risks other than general market risk, e.g., credit quality and market liquidity of an individual security or instrument). In addition, our internal models are applied to trading transactions with market liquidity based on the relevant holding period.

Under the internal models, the market risk equivalent is expressed as the sum of;

- The higher of (i) VaR on the calculation date and (ii) the average of VaR for the preceding 60 business days (including the calculation date) multiplied by a multiplication factor ranging from 3.00 to 4.00 that is determined based on the number of times VaR is exceeded upon back testing; and
- The higher of (i) stressed VaR on the calculation date and (ii) the average of stressed VaR for the preceding 60 business days (including the calculation date) multiplied by the same multiplication factor as used in the bullet point above.

The following table shows total market risk equivalent as of the dates indicated calculated using the standardized measurement method and internal models:

	As of March 31,		Change
	2014	2015	
			(in billions of yen)
Calculated using standardized measurement method	¥ 62.8	¥ 78.8	¥15.9
Calculated using internal models	170.6	199.0	28.4
Total market risk equivalent	<u>¥233.5</u>	<u>¥277.9</u>	<u>¥44.3</u>

Note:

VaR and stressed VaR used to calculate market risk equivalent is based on the following:

- variance co-variance model for linear risk and Monte-Carlo simulation for non-linear risk, which are simply aggregated to determine total risk;
- confidence interval: one-tailed 99.0%;
- holding period of 10 days; and
- historical observation period of one year.

Liquidity Risk Management Structure

Liquidity Risk Management of the Mizuho Group

Our Board of Directors determines basic matters pertaining to liquidity risk management policies. The Risk Management Committee of Mizuho Financial Group broadly discusses and coordinates matters relating to basic policies in connection with liquidity risk management, operations, monitoring and proposes responses to emergencies such as sudden market changes.

The Group Chief Risk Officer of Mizuho Financial Group is responsible for matters relating to liquidity risk management planning and operations. The Risk Management Division of Mizuho Financial Group is responsible for monitoring liquidity risk, reports and analyses, proposals, and formulating and implementing plans relating to liquidity risk management.

In addition, the Group Chief Financial Officer of Mizuho Financial Group is additionally responsible for matters relating to planning and running cash flow management operations, and the Financial Planning Division is responsible for monitoring and adjusting the cash flow management situation and for planning and implementing cash flow management to maintain appropriate funding liquidity. Reports on the liquidity risk management are submitted to the Risk Management Committee, the Executive Management Committee and the President & Group CEO on a regular basis.

To manage liquidity risk, we use indices pertaining to cash flow, such as limits on funds raised in the market. Limits on liquidity risk set for yen and foreign currencies taking into account characteristics and strategies of each principal banking subsidiary, are discussed and coordinated by the Risk Management Committee, discussed further by the Executive Management Committee and determined by the President & Group CEO. In addition, limits on liquidity risk are set for each currency at principal banking subsidiaries.

We have established a group-wide framework of liquidity risk stage such as “Normal,” “Anxious” and “Crisis,” which reflects funding conditions. In addition, we set Early Warning Indicators (“EWIs”) and monitor on a daily basis to manage liquidity conditions. As EWIs, we select stock prices, credit ratings, amount of liquidity reserve assets such as Japanese government bonds, our funding situations and so on.

We have established a liquidity contingency funding plan for emergency situations which are deemed to fall into the “Anxious” or “Crisis”. In emergency situations, we will consider measures such as a reduction in the amount of investments made, an expansion of funding from financial markets and deposits, the sale of investment securities and borrowings from the central bank.

In order to evaluate the sufficiency of liquidity reserve assets and the effectiveness of liquidity contingency funding plan, we conduct stress testing under market-wide, idiosyncratic and combined scenario. Furthermore, we utilize stress testing for evaluate appropriateness of our annual funding plan.

Liquidity Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies

Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities have formulated their basic policies in line with the basic policies determined by Mizuho Financial Group. Their Boards of Directors determine important matters relating to liquidity risk management while their Chief Executive Officers are responsible for controlling liquidity risk. Their respective business policy committees, including their ALM & Market Risk Management Committees, are responsible for overall discussion and coordination of liquidity risk management. Specifically, these committees discuss and coordinate matters relating to risk planning, cash flow management planning and proposes responses to emergencies such as sudden market changes. The Chief Risk Officer is responsible for matters relating to liquidity risk management planning and operations and the senior executives of the asset and liability management and trading units are responsible for matters pertaining to planning and conducting cash flow management.

The methodologies used for ensuring precise control of liquidity risk include the formulation of management indices pertaining to cash flow, such as limits on funds raised in the market. As with Mizuho Financial Group, the above-mentioned companies have established liquidity risk stage, such as “Normal” to “Anxious” and “Crisis,” which reflects funding conditions and have established liquidity contingency funding plan for emergency situations which are deemed to fall into the “Anxious” or “Crisis” categories.

Each subsidiary has adopted stringent controls that call for the submission of reports on liquidity risk management and cash flow management to the ALM & Market Risk Management Committee and other business policy committees, the Executive Management Committee and the Chief Executive Officer of each subsidiary.

Operational Risk Management

We define operational risk as the risk of loss that we may incur resulting from inadequate or failed internal processes, people and systems or from external events. We recognize that operational risk includes information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputational risk. We have determined risk management policies for each kind of risk. Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities and Trust & Custody Services Bank respectively manage operational risk in an appropriate manner pursuant to risk management policies determined by Mizuho Financial Group.

Mizuho Financial Group, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities and Trust & Custody Services Bank share common rules for data gathering, and we measure operational risk on a regular basis, taking into account possible future loss events and the changes in the business environment and internal management.

We have established and are strengthening management methods and systems to appropriately identify, assess, measure, monitor and control the operational risks which arise from the growing sophistication and diversification of financial operations and developments relating to information technology by utilizing control self-assessments and improving measurement methods.

Definition of Risks and Risk Management Methods

As shown in the table below, we have defined each component of operational risk, and we apply appropriate risk management methods in accordance with the scale and nature of each risk.

	<u>Definition</u>	<u>Principal Risk Management Methods</u>
Information Technology Risk	Risk that customers may suffer service disruptions, or that customers or the group may incur losses arising from system defects such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems.	<ul style="list-style-type: none"> • Identify and evaluate the risk by setting specific standards that need to be complied with and implementing measures tailored based on evaluation results to reduce the risk. • Ensure ongoing project management in systems development and quality control. • Strengthen security to prevent information leaks. • Improve effectiveness of emergency responses by improving backup systems and holding drills.
Operations Risk	Risk that customers may suffer service disruptions, as well as the risk that customers or the group may incur losses because senior executives or employees fail to fulfill their tasks properly, cause accidents or otherwise act improperly.	<ul style="list-style-type: none"> • Establish clearly defined procedures for handling operations. • Periodically check the status of operational processes. • Conduct training and development programs by headquarters. • Introduce information technology, office automation and centralization for operations. • Improve the effectiveness of emergency responses by holding drills.
Legal Risk	Risk that the group may incur losses due to violation of laws and regulations, breach of contract, entering into improper contracts or other legal factors.	<ul style="list-style-type: none"> • Review and confirm legal issues, including the legality of material decisions, agreements and external documents, etc.

	Definition	Principal Risk Management Methods
Human Resources Risk	Risk that the group may incur losses due to drain or loss of personnel, deterioration of morale, inadequate development of human resources, inappropriate working schedule, inappropriate working and safety environment, inequality or inequity in human resource management or discriminatory conduct.	<ul style="list-style-type: none"> • Collect and distribute legal information and conduct internal training programs. • Analyze and manage issues related to lawsuits. • Conduct employee satisfaction surveys. • Understand the status of vacation days taken by personnel. • Understand the status of voluntary resignations.
Tangible Asset Risk	Risk that the group may incur losses from damage to tangible assets or a decline in the quality of working environment as a result of disasters, criminal actions or defects in asset maintenance.	<ul style="list-style-type: none"> • Manage the planning and implementation of construction projects related to the repair and replacement of facilities. • Identify and evaluate the status of damage to tangible assets caused by natural disasters, etc., and respond appropriately to such damage.
Regulatory Change Risk	Risk that the group may incur losses due to changes in various regulations or systems, such as those related to law, taxation and accounting.	<ul style="list-style-type: none"> • Understand important changes in regulations or systems that have significant influence on our business operations or financial condition in a timely and accurate manner. • Analyze degree of influence of regulatory changes and establish countermeasures. • Continuously monitor our regulatory change risk management mentioned above.
Reputational Risk	Risk that the group may incur losses due to damage to our credibility or the value of the “Mizuho” brand when market participants or others learn about, or the media reports on, various adverse events, including actual materialization of risks or false rumors.	<ul style="list-style-type: none"> • Establish framework to identify and manage, on an integrated basis, information that may have a serious impact on group management and respond to such risk in a manner appropriate to its scale and nature. • Swiftly identify rumors and devise appropriate responses depending on the urgency and possible impact of the situation to minimize possible losses.

We also recognize and manage “Information Security Risk” and “Compliance Risk,” which constitute a combination of more than one of the above components of operational risk, as operational risk.

Measurement of operational risk equivalent

Implementation of the AMA

We have adopted the AMA from September 30, 2009, for the calculation of operational risk equivalent in association with capital adequacy ratios based on Basel II. However, we use the Basic Indicator Approach (BIA) for entities that are deemed to be less important in the measurement of operational risk equivalent and for entities that are preparing to implement the AMA. The measurement results under the AMA are used not only as the operational risk equivalent in the calculation of capital adequacy ratios but also as Operational VAR for internal risk management purposes for implementing action plans to reduce operational risk, etc.

Outline of the AMA

- Outline of measurement system

We have established the model by taking account of four elements: internal loss data; external loss data; scenario analysis and business environment; and internal control factors (BEICFs). We calculate the operational risk equivalent amount by estimating the maximum loss using a 99.9th percentile one-tailed confidence interval and a one-year holding period etc., employing both internal loss data (i.e., actually experienced operational loss events) and scenario data to reflect unexperienced potential future loss events in the measurement.

In the measurement of operational risk equivalent as of March 31, 2015, we did not exclude expected losses and also did not recognize the risk mitigating impact of insurance. In addition, we did not take into account the events related to credit risk in measuring operational risk equivalent.

- Outline of measurement model

Operational risk equivalent is calculated as a simple sum of those related to the seven loss event types defined by Basel II, large-scale natural disasters and litigation. In the measurement of operational risk equivalent as of March 31, 2015, we did not reflect the correlation effects among operational risk related to each of the seven loss event types.

- Operational risk by the loss event type

Loss Distribution (Compound Poisson Distribution) Approach (LDA) is adopted for the calculation of operational risk. LDA is based on the assumption that Poisson Distribution applies to the occurrence frequency of operational risk events, and loss severity is expressed through a separate distribution. Operational risk is calculated for each of the seven loss event types employing both internal loss data, based on our actual experience as operational loss events and scenario data. Scenario data, expressed as numerical values of occurrence frequency and loss severity, reflects external loss data and BEICFs, in order to estimate unexperienced potential future loss events (of low frequency and high severity).

“Frequency Distribution” and “Severity Distribution” are estimated employing the above mentioned internal loss data and scenario data, and Monte-Carlo simulations are then applied to these distributions to measure operational risk. The detailed steps of creation of scenario data are explained later in “Scenario Analysis.”

- Estimation of “Frequency Distribution” and “Loss Severity Distribution”

“Frequency Distribution” is estimated by applying information on occurrence frequency of both internal loss data and scenario data to Poisson Distribution. “Loss Severity Distribution” is generated as the result of combining, through a statistical approach (Extreme Value Theory), of the actual distribution for the low severity distribution portion created by internal loss data and another loss distribution (Log-normal Distribution or Generalized Pareto Distribution) for the high severity distribution portion created by scenario data.

- Operational risk of large-scale natural disasters
Monte-Carlo simulation is applied to the datasets expressed as a combination of the probability of occurrence of large-scale natural disasters and the probable loss amount in case of such occurrence, as opposed to estimating “Frequency Distribution” and “Loss Severity Distribution”.
- Operational risk of litigation
Each litigation is converted into data according to the profile of the individual litigation to which Monte-Carlo simulation is applied, as opposed to estimating “Frequency Distribution” and “Loss Severity Distribution”. In the measurement process, we assume that final decisions will be made on all litigation within one year.
- Verification
We confirm the appropriateness of the measurement model by verifying it, in principle, semi-annually.

Scenario Analysis

- Outline of scenario analysis
In the process of scenario analysis, scenario data is created as numerical values of occurrence frequency and loss severity reflecting external loss data and BEICFs, in order to estimate unexperienced potential future operational risk events (of low frequency and high severity).
As for external loss data, we refer to data publicly reported by domestic and overseas media, and such data are reflected in the estimation of occurrence frequency and loss severity distribution in the process of scenario analysis. In addition, BEICFs are utilized as indices to adjust occurrence frequency and loss severity distribution in the process of scenario analysis.
We categorize scenario analysis into four approaches in accordance with the characteristics of each loss event type and risk management structures.

<u>Approach</u>	<u>Loss event type(s) to be applied</u>
A	Internal fraud / External fraud / Clients, products and business practices / Execution, delivery and process management
B	Employment practices and workplace safety
C	Damage to physical assets
D	Business disruption and system failure

At Mizuho Financial Group, loss event types to which Approach A is applied account for a considerable amount of operational risk. The detailed process of Approach A is explained below as a typical example of scenario analysis.

- Setting units for scenario analysis
In order to ensure completeness and sufficiency, we set units that are commonly applied across group entities that adopt AMA (the “Group Entities”) by referencing and categorizing risk scenarios recognized through control self-assessment, internal loss data of the Group Entities and external loss data, etc. Then each of the Group Entities selects the unit on which scenario analysis is conducted from the units established on a groupwide basis in accordance with its business activities and operational risk profile.
- Estimation of occurrence frequency
Basic occurrence frequency (once a year) is calculated for each scenario analysis unit. If a certain scenario analysis unit has relevant internal loss data of a pre-determined threshold amount or above, its basic occurrence frequency is calculated based on such data, and if not, the basic occurrence frequency (the occurrence frequency per year of losses at or above a pre-determined threshold) is calculated with

reference to the situation of occurrence of internal loss data of less than the threshold amount and/or external loss data. The basic occurrence frequency is then adjusted within a pre-determined range for the purpose of reflecting the most recent BEICFs to determine the final occurrence frequency.

- Estimation of loss severity distribution

In order to estimate loss severity distribution, we use a pre-determined series of severity ranges. Basic loss severity distribution is calculated for each scenario analysis unit as an occurrence ratio (in percentile figures) of loss at each severity range when losses at or above a pre-determined threshold occurred, with reference to transaction amount data, external loss data, etc. Then the basic severity distribution is adjusted, if necessary, from the viewpoint of statistical data processing to determine the final loss severity distribution.

- Creation of scenario data

For each scenario analysis unit, scenario data is generated as a series of combinations of occurrence frequency per year at each severity range, based on the final occurrence frequency and the final loss severity distribution.

Compliance

As the leading Japanese financial services group with a global presence and a broad customer base, we remain conscious of the importance of our social responsibilities and public mission at all times. We define compliance as “the strict observance of all laws and regulations and the pursuit of fair and honest corporate activities that conform to the norms accepted by society” and view ongoing compliance as one of the basic principles of sound business management. Each of our group companies maintains its own compliance structure in line with the basic policies established by Mizuho Financial Group.

Compliance Structure

The chief executive officer of Mizuho Financial Group, Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities each generally oversees compliance matters of the respective company, and the chief executive officer, etc., also head their respective compliance committees at which important matters concerning compliance are discussed. The four companies also have individual compliance divisions under a chief compliance officer. These divisions are responsible for compliance planning and implementation and control overall compliance management at the respective companies. At the level of each organizational unit (such as branches and divisions) at the four companies, the head of the unit is responsible for guidance and implementation related to compliance matters within such unit, and the compliance officer or the compliance administrator at each unit reviews the status of compliance.

Other core group companies have also established compliance structures adapted to the characteristics of their respective businesses.

Mizuho Financial Group monitors the status of compliance of the Mizuho group through reports submitted by our principal banking subsidiaries and other core group companies and adopts appropriate responses when necessary.

Compliance at subsidiaries of our principal banking subsidiaries and other core group companies is monitored and managed by their respective parent.

Compliance Activities

We have established the “Mizuho Code of Conduct,” which sets forth clear and concrete standards of ethical behavior, and distributed it to all directors, senior management and employees of the Mizuho group so that they are well aware of its content and act accordingly.

Each of our group companies has also prepared a compliance manual, which serves as a practical guidebook for rigorous compliance enforcement and clarifies the laws and regulations that the group companies must observe in pursuing their business activities and the compliance activities they are required to follow.

We conduct compliance training for directors, senior management and employees so that they are fully acquainted with the contents of the manual.

We monitor the status of compliance levels through self assessments conducted by individual organizational units and monitoring conducted by the compliance division of each company.

Every fiscal year, each of our group companies establishes a compliance program, which contains concrete measures for compliance enforcement such as measures related to the management of the compliance framework, training and assessments. Progress regarding the implementation of the compliance program is monitored every six months.

Internal Audit

Internal audits are designed as an integrated process, independent from other business operations, for evaluating the extent to which internal control achieves its objectives in key areas, including appropriate risk

management, efficient and effective business operations, reliable financial reporting and compliance with laws, regulations and internal rules. We conduct internal audits from an objective and comprehensive standpoint, independent of operational reporting lines, and offer advice and remedial recommendations in connection with any problems that may be identified. Through this process, internal audits assist the boards of directors of each of our group companies to fulfill their managerial duties efficiently and effectively.

In line with the Basic Policy for Internal Audit established by Mizuho Financial Group, our principal banking subsidiaries and other core group companies conduct internal audits, which include the auditing of their respective subsidiaries. In addition, with respect to the management of risks applicable across the Mizuho group, we coordinate internal audits throughout the group to assess the risk management status of the group as a whole.

Internal Audit Management Structure

Mizuho Financial Group

Our internal audit committee determines all important matters concerning internal audits. The committee is chaired by our President & Group CEO and is independent of our other business operations.

Our internal audit committee monitors and manages internal audits at our principal banking subsidiaries and other core group companies through internal audit reports submitted by such subsidiaries. Our internal audit committee discusses and makes decisions regarding internal audits at our principal banking subsidiaries and other core group companies and submits the results, together with the results of their examination of the internal audit reports, to our Board of Directors.

Mizuho Bank and Mizuho Trust & Banking

Mizuho Bank and Mizuho Trust & Banking have also established internal audit committees that are independent of their other business operations.

Both banks have established internal audit divisions and credit review divisions (Credit Assessment and Auditing Office at Mizuho Trust & Banking) to conduct internal audits at their respective domestic and overseas business offices, head office divisions and group companies. Specifically, the internal audit divisions assess the suitability and effectiveness of business activities associated with compliance and risk management. The credit review divisions (Credit Assessment and Auditing Office at Mizuho Trust & Banking) audit credit ratings and the status of credit management in addition to auditing the self-assessment of assets to verify the accuracy and suitability of matters deemed necessary to assure the soundness of assets.

Other Core Group Companies

Other core group companies have also established effective and efficient internal audit structures adapted to the characteristics of their respective businesses.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The table below sets out such fees payable to the depositary:

<u>Persons depositing or withdrawing shares must pay:</u>	<u>For:</u>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	– Execution and delivery of ADRs and the surrender of ADRs
\$.02 (or less) per ADS	– Any cash distribution to ADS registered holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	– Distribution of securities distributed to holders of deposited securities that are distributed by the depositary to ADS registered holders
Registration or transfer fees	– Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	– Cable, telex and facsimile transmissions expenses (as are expressly provided in the deposit agreement) – Converting foreign currency to U.S. dollars
Taxes and other governmental charges	– As necessary
Any other charge incurred by the depositary or its agents in connection with the servicing of the deposited securities	– As necessary

The Bank of New York Mellon (“BNYM”), as depositary, has agreed to reimburse us annually for expenses related to the administration and maintenance of the depositary receipt facility including, but not limited to, investor relations expenses, legal fees, New York Stock Exchange continue listing fees or any other direct or non-direct depositary receipt program related expenses. There are limits on the amount of expenses for which the depositary will reimburse us, and the terms and conditions of the annual reimbursement are subject to be reviewed by us and BNYM on an annual basis. In the fiscal year ended March 31, 2015, the depositary reimbursed us \$75,000 as portion of our investor relations expenses and legal fees.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of March 31, 2015. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based upon the evaluation referred to above, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures as of March 31, 2015 were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management evaluated the effectiveness of our internal control over financial reporting as of March 31, 2015 based on the criteria established in "Internal Control—Integrated Framework" issued by the Committee of

Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on the evaluation, management has concluded that we maintained effective internal control over financial reporting as of March 31, 2015.

Our independent registered public accounting firm, Ernst & Young ShinNihon LLC has issued an attestation report on our internal control over financial reporting as of March 31, 2015, which appears on page F-3.

Attestation Report of the Registered Public Accounting Firm

See the attestation report of our independent registered public accounting firm, Ernst & Young ShinNihon LLC, which appears on page F-3.

Changes in Internal Control over Financial Reporting

During the period covered by this annual report, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Messrs. Hirotake Abe and Hideyuki Takahashi each qualifies as an “audit committee financial expert” as defined in Item 16A of Form 20-F under the Securities Exchange Act of 1934, as amended. In addition, both are determined to be independent as defined under the New York Stock Exchange (“NYSE”) Corporate Governance Standards.

ITEM 16B. CODE OF ETHICS

Mizuho Financial Group has adopted a code of ethics, which is applicable to all directors and executive officers, as well as all managers and other employees of the Company who engage in financial reporting, accounting or disclosure. The code of ethics is included in this annual report as Exhibit 11.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees for Services provided by Ernst & Young ShinNihon LLC

The aggregate fees billed by Ernst & Young ShinNihon LLC, our independent registered public accounting firm, and its affiliates, for the fiscal years ended March 31, 2014 and 2015 are presented in the following table:

	<u>Fiscal years ended March 31,</u>	
	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Audit fees ⁽¹⁾	¥4,364	¥4,486
Audit-related fees ⁽²⁾	383	765
Tax fees ⁽³⁾	76	117
All other fees ⁽⁴⁾	39	12
Total	<u>¥4,862</u>	<u>¥5,380</u>

Notes:

- (1) Audit fees include fees related to the audit of U.S. GAAP financial statements as well as Japanese GAAP financial statements used for home-country reporting purposes.
- (2) Audit-related fees include fees for services relating to agreed-upon procedures on internal controls, due diligence services related to our securitization business and services related to the implementation of Section 404 of the Sarbanes-Oxley Act.
- (3) Tax fees include fees for services relating to the preparation of tax returns and tax advice.
- (4) All other fees include fees for services relating to education to improve the financial business knowledge of our employees.

Pre-Approval Policies and Procedures

We established the pre-approval policies and procedures required by the Sarbanes-Oxley Act on April 1, 2006. Under the procedures, Mizuho Financial Group and its subsidiaries must apply to our audit committee members for pre-approval before entering into an agreement regarding audit and permitted non-audit services with Ernst & Young ShinNihon LLC.

We follow two types of pre-approval policies and procedures:

- | | |
|-----------------------------|--|
| General pre-approval | General pre-approval is required for services which are expected to be performed during a given fiscal year. Our audit committee reviews the specific maximum fee amount for new services and the maximum amount of increase/decrease from previous fee amounts for the same type of services as those performed in the past and authorizes pre-approval at the beginning of each fiscal year. |
| Specific pre-approval | For those services which have not been approved pursuant to the general pre-approval procedure, specific pre-approval by our audit committee members is required prior to each engagement. With respect to such services, two full-time audit committee members must provide pre-approval and report such pre-approval at the monthly meeting of the audit committee. |

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable

ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table sets forth purchases of our common stock by us and our affiliated purchasers during the fiscal year ended March 31, 2015:

	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as part of publicly announced plans or programs</u>	<u>Maximum number of shares that may yet be purchased under the plans or programs</u>
April 1 to April 30, 2014	3,353	¥ 204	—	—
May 1 to May 31, 2014	2,738	201	—	—
June 1 to June 30, 2014	3,617	206	—	—
July 1 to July 31, 2014	9,559	203.1	—	—
August 1 to August 31, 2014	4,212	199.0	—	—
September 1 to September 30, 2014	5,362	200.9	—	—
October 1 to October 31, 2014	2,614	191.2	—	—
November 1 to November 30, 2014	4,469	202.9	—	—
December 1 to December 31, 2014	7,606	202.5	—	—
January 1 to January 31, 2015	5,206	198.1	—	—
February 1 to February 28, 2015	4,746	202.0	—	—
March 1 to March 31, 2015	5,972	220.5	—	—
Total	<u>59,454</u>	<u>¥203.3</u>	<u>—</u>	<u>—</u>

Note:

- (1) A total of 59,454 shares were purchased other than through a publicly announced plan or program during the fiscal year ended March 31, 2015, due to our purchase of shares constituting less than one (1) unit from registered holders of shares constituting less than one (1) unit at the current market price of those shares.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Mizuho Financial Group’s corporate governance practices are governed by applicable Japanese laws, specifically the Companies Act and Financial Instruments and Exchange Act of Japan, and its articles of incorporation and corporate governance guidelines. The company transformed itself from a Company with Board of Auditors to a Company with Three Committees as of June 24, 2014.

Because Mizuho Financial Group’s shares are registered with the U.S. Securities and Exchange Commission and are listed on the New York Stock Exchange (“NYSE”), the company is also subject to corporate governance requirements applicable to NYSE-listed foreign private issuers. NYSE-listed companies that are foreign private issuers meeting certain criteria are permitted to follow home country practices in lieu of certain provisions of Section 303A, and Mizuho Financial Group is relying on this exemption.

A NYSE-listed foreign private issuer is required to provide to its U.S. investors a brief, general summary of the significant differences of corporate governance practices that differ from those followed by NYSE-listed U.S. companies. The following is a summary of the significant ways in which Mizuho Financial Group's corporate governance practices differ from NYSE listing standards followed by U.S. companies:

- A NYSE-listed U.S. company is required to have a majority of directors that meet the independence requirements under Section 303A of the NYSE's Listed Company Manual. The Companies Act does not require Mizuho Financial Group to have a majority of "independent" directors on the board; rather, it requires the company to have a majority of "outside" directors on each of the Nominating Committee, the Compensation Committee and the Audit Committee, each established as a committee, pursuant to the requirements that apply to a Company with Three Committees. An outside director is defined under the Companies Act as a director who (a) does not currently assume, and has never assumed for the period of ten years prior to becoming a director, the position of, in the case of a parent company, its director, executive officer or employee, and in the case of a sister company, its executive director, executive officer or employee, and (b) is not a spouse or close relative of a director, executive officer or manager of the company. In addition to the requirements under the Companies Act, Mizuho Financial Group's independence standards for outside directors set forth additional independence requirements on a voluntary basis. Such additional requirements include, but are not limited to, restrictions against persons that are related to a principal business counterparty of Mizuho Financial Group and its Core Subsidiaries, entities to which Mizuho Financial Group and its Core Subsidiaries are a principal business counterparty, entities that receive more than a specified amount of donations from Mizuho Financial Group or its Core Subsidiaries, entities to which directors have been transferred from us, our accounting auditor, as well as law firms and consulting firms that receive more than a specified amount of fees from Mizuho Financial Group or its Core Subsidiaries who otherwise are likely to give rise to consistent substantive conflicts of interest in relation to general shareholders. Mizuho Financial Group may, however, appoint a person as an outside director who does not satisfy the additional independence requirements but who the company believes to be suitable for the position with sufficient independence in consideration of such person's character and insight, provided that it externally provides an explanation as to the reason the company believes such person qualifies as an outside director with sufficient independence.

Currently, Mizuho Financial Group has six outside directors among the thirteen directors.

- A NYSE-listed U.S. company is required to have an audit committee composed entirely of independent directors. Currently, the Audit Committee consists of three outside directors and two internal non-executive directors in compliance with the requirements under the Companies Act, and all such committee members are independent under Rule 10A-3 under the U.S. Securities Exchange Act of 1934 with two members qualified as audit committee financial experts.
- A NYSE-listed U.S. company is required to have a nominating/corporate governance committee and a compensation committee, both of which must be composed entirely of independent directors. Currently, the Nominating Committee and the Compensation Committee consist solely of outside directors in compliance with the requirements under the Companies Act.
- A NYSE-listed U.S. company must hold regularly scheduled executive sessions where participants are limited to non-executive directors. Under the Companies Act, Japanese corporations are not obligated to hold executive sessions where participants are limited to non-executive directors. Mizuho Financial Group, however, 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. Among the External Director Session meetings, one meeting was held where only outside directors attended and conducted analysis and evaluation on the effectiveness of the Board of Directors as a whole for the fiscal year ended March 31, 2015.

- A NYSE-listed U.S. company must adopt corporate governance guidelines and a code of business conduct and ethics and must post those on its website. While Mizuho Financial Group is not required to adopt such guidelines and code under applicable Japanese laws or the rules of stock exchanges in Japan on which it is listed, the company established in June 2014 and amended in May 2015 its corporate governance guidelines that sets forth the basic policy, framework and governing policies regarding the corporate governance system in Mizuho Financial Group and also maintains the “Mizuho Code of Conduct” as its standard for corporate conduct to be observed by the directors, officers and employees.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide the financial statements and related information specified in Item 18.

ITEM 18. FINANCIAL STATEMENTS

The information required by this item is set forth in our consolidated financial statements starting on page F-1 of this annual report.

ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
1.1	Articles of Incorporation of Mizuho Financial Group, Inc., dated June 24, 2014 (English Translation)*
1.2	Regulations of the Board of Directors of Mizuho Financial Group, Inc., as amended on July 1, 2015 (English Translation)
1.3	Share Handling Regulations of Mizuho Financial Group, Inc., dated January 4, 2013 (English Translation)**
2.1	Form of American Depositary Receipt
2.2	Form of Deposit Agreement among the registrant, The Bank of New York Mellon (formerly The Bank of New York) as Depositary and all owners and holders from time to time of American Depositary Receipts issued thereunder
8	List of significant subsidiaries of Mizuho Financial Group, Inc.—see “Item 4.C. Information on the Company—Organizational Structure.”
11	Code of Ethics of Mizuho Financial Group, Inc.
12.1	CEO Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
12.2	CFO Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
13.1	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on July 25, 2014.

** Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on July 23, 2013.

SELECTED STATISTICAL DATA

In preparing the selected statistical data set forth below, foreign activities are defined as business transactions that involve customers residing outside of Japan. However, as the operations of Mizuho Financial Group, Inc. and its subsidiaries (“the MHFG Group” or “the Group”) are highly and globally integrated, the MHFG Group has made certain estimates and assumptions in allocating assets, liabilities, income and expense between domestic and foreign operations. The Group considers domestic and foreign activities determined by such methods to be representative of the Group’s operations.

I. Distribution of assets, liabilities and equity; interest rates and interest differential

Average balances of balance sheet items, interest and dividend income, interest expense and average yields and rates

The following tables show the MHFG Group's average balances of balance sheet items, Interest and dividend income, Interest expense, average yields on interest-earning assets, and average rates on interest-bearing liabilities for the fiscal years ended March 31, 2013, 2014 and 2015. Average balances are generally based on a daily average. Month-end or quarter-end averages are used for certain average balances where it is not practicable to obtain applicable daily averages. The average balances determined by such methods are considered to be representative of the MHFG Group's operations.

	2013			2014			2015		
	Average balance	Interest and dividend income	Average yield	Average balance	Interest and dividend income	Average yield	Average balance	Interest and dividend income	Average yield
(in billions of yen, except percentages)									
Assets:									
Interest-earning assets:									
Interest-bearing deposits in other banks:									
Domestic	3,096	3	0.10%	10,995	12	0.10%	15,900	20	0.12%
Foreign	3,600	15	0.42%	4,878	22	0.45%	5,689	29	0.51%
Total	6,696	18	0.27%	15,873	34	0.21%	21,589	49	0.23%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions:									
Domestic	6,676	11	0.17%	4,048	8	0.21%	4,771	8	0.17%
Foreign	10,226	51	0.50%	11,961	34	0.28%	10,862	33	0.30%
Total	16,902	62	0.37%	16,009	42	0.26%	15,633	41	0.26%
Trading account assets:									
Domestic	9,019	15	0.17%	6,937	24	0.35%	6,755	32	0.47%
Foreign	11,352	154	1.36%	11,780	137	1.16%	11,950	142	1.19%
Total	20,371	169	0.83%	18,717	161	0.86%	18,705	174	0.93%
Investments:									
Domestic	38,974	191	0.49%	34,481	155	0.45%	31,690	127	0.40%
Foreign	2,045	34	1.73%	1,910	48	2.52%	2,850	79	2.77%
Total	41,019	225	0.55%	36,391	203	0.56%	34,540	206	0.59%
Loans ⁽¹⁾ :									
Domestic	53,222	674	1.27%	54,230	634	1.17%	54,207	593	1.09%
Foreign	14,289	275	1.92%	17,420	349	2.00%	21,634	395	1.83%
Total	67,511	949	1.40%	71,650	983	1.37%	75,841	988	1.30%
Total interest-earning assets:									
Domestic	110,987	894	0.81%	110,691	833	0.75%	113,323	780	0.69%
Foreign	41,512	529	1.28%	47,949	590	1.23%	52,985	678	1.28%
Total	152,499	1,423	0.93%	158,640	1,423	0.90%	166,308	1,458	0.88%
Noninterest-earning assets:									
Cash and due from banks	2,158			2,877			4,012		
Other noninterest-earning assets ⁽²⁾	19,109			18,872			19,856		
Allowance for loan losses	(707)			(686)			(558)		
Total noninterest-earning assets	20,560			21,063			23,310		
Total average assets	173,059			179,703			189,618		

Notes:

- (1) Average balances of loans include all nonaccrual loans. The amortized portion of net loan origination fees (costs) is included in interest income on loans.
- (2) The fair value carrying amounts of derivative contracts are reported in Other noninterest-earning assets.

Within total average assets, the percentage attributable to foreign activities was 29.1%, 31.3% and 33.0%, respectively, for the fiscal years ended March 31, 2013, 2014 and 2015.

	2013			2014			2015		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
(in billions of yen, except percentages)									
Liabilities and equity:									
Interest-bearing liabilities:									
Deposits:									
Domestic	70,281	57	0.08%	73,858	53	0.07%	77,126	50	0.06%
Foreign	11,700	67	0.58%	14,695	80	0.55%	19,801	100	0.51%
Total	81,981	124	0.15%	88,553	133	0.15%	96,927	150	0.15%
Short-term borrowings ⁽¹⁾ :									
Domestic	26,540	42	0.16%	20,471	29	0.14%	17,342	24	0.14%
Foreign	16,653	49	0.29%	20,598	28	0.13%	20,326	28	0.14%
Total	43,193	91	0.21%	41,069	57	0.14%	37,668	52	0.14%
Trading account liabilities:									
Domestic	2,986	13	0.44%	2,836	12	0.42%	2,629	14	0.52%
Foreign	965	11	1.09%	1,319	19	1.44%	1,692	17	1.05%
Total	3,951	24	0.60%	4,155	31	0.74%	4,321	31	0.73%
Long-term debt:									
Domestic	8,184	171	2.09%	9,046	178	1.97%	11,730	175	1.49%
Foreign	733	2	0.40%	764	3	0.39%	268	4	1.66%
Total	8,917	173	1.95%	9,810	181	1.84%	11,998	179	1.49%
Total interest-bearing liabilities:									
Domestic	107,991	283	0.26%	106,211	272	0.26%	108,827	263	0.24%
Foreign	30,051	129	0.43%	37,376	130	0.35%	42,087	149	0.36%
Total	138,042	412	0.30%	143,587	402	0.28%	150,914	412	0.27%
Noninterest-bearing liabilities ⁽²⁾	30,267			30,843			32,736		
Equity	4,750			5,273			5,968		
Total average liabilities and equity	173,059			179,703			189,618		
Net interest income and average interest rate spread		1,011	0.63%		1,021	0.62%		1,046	0.61%
Net interest income as a percentage of average total interest-earning assets			0.66%			0.64%			0.63%

Notes:

- (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.
- (2) The fair value carrying amounts of derivative contracts are reported in Noninterest-bearing liabilities.

Within total average liabilities, which is the total of interest-bearing liabilities and noninterest-bearing liabilities shown in the above table, the percentage attributable to foreign activities was 24.3%, 27.2% and 28.5%, respectively, for the fiscal years ended March 31, 2013, 2014 and 2015.

Analysis of net interest income

The following tables show changes in the MHFG Group's Interest and dividend income, Interest expense, and Net interest income based on changes in volume and changes in rate for the fiscal year ended March 31, 2014 compared to the fiscal year ended March 31, 2013 and the fiscal year ended March 31, 2015 compared to the fiscal year ended March 31, 2014. Changes attributable to the combined impact of changes in rate and volume have been allocated proportionately to the changes due to volume changes and changes due to rate changes.

	Fiscal year ended March 31, 2014 versus fiscal year ended March 31, 2013			Fiscal year ended March 31, 2015 versus fiscal year ended March 31, 2014		
	Increase (decrease) due to changes in		Net change	Increase (decrease) due to changes in		Net change
	Volume	Yield		Volume	Yield	
(in billions of yen)						
Interest and dividend income:						
Interest-bearing deposits in other banks:						
Domestic	9	—	9	6	2	8
Foreign	6	1	7	4	3	7
Total	<u>15</u>	<u>1</u>	<u>16</u>	<u>10</u>	<u>5</u>	<u>15</u>
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions:						
Domestic	(5)	2	(3)	1	(1)	—
Foreign	5	(22)	(17)	(3)	2	(1)
Total	<u>—</u>	<u>(20)</u>	<u>(20)</u>	<u>(2)</u>	<u>1</u>	<u>(1)</u>
Trading account assets:						
Domestic	(3)	12	9	(1)	9	8
Foreign	5	(22)	(17)	2	3	5
Total	<u>2</u>	<u>(10)</u>	<u>(8)</u>	<u>1</u>	<u>12</u>	<u>13</u>
Investments:						
Domestic	(22)	(14)	(36)	(11)	(17)	(28)
Foreign	(2)	16	14	26	5	31
Total	<u>(24)</u>	<u>2</u>	<u>(22)</u>	<u>15</u>	<u>(12)</u>	<u>3</u>
Loans:						
Domestic	12	(52)	(40)	—	(41)	(41)
Foreign	62	12	74	77	(31)	46
Total	<u>74</u>	<u>(40)</u>	<u>34</u>	<u>77</u>	<u>(72)</u>	<u>5</u>
Total interest and dividend income:						
Domestic	(9)	(52)	(61)	(5)	(48)	(53)
Foreign	76	(15)	61	106	(18)	88
Total	<u>67</u>	<u>(67)</u>	<u>—</u>	<u>101</u>	<u>(66)</u>	<u>35</u>

	Fiscal year ended March 31, 2014 versus fiscal year ended March 31, 2013			Fiscal year ended March 31, 2015 versus fiscal year ended March 31, 2014		
	Increase (decrease) due to changes in		Net change	Increase (decrease) due to changes in		Net change
	Volume	Rate		Volume	Rate	
Interest expense:	(in billions of yen)					
Deposits:						
Domestic	3	(7)	(4)	2	(5)	(3)
Foreign	<u>16</u>	<u>(3)</u>	<u>13</u>	<u>26</u>	<u>(6)</u>	<u>20</u>
Total	<u>19</u>	<u>(10)</u>	<u>9</u>	<u>28</u>	<u>(11)</u>	<u>17</u>
Short-term borrowings:						
Domestic	(9)	(4)	(13)	(4)	(1)	(5)
Foreign	<u>5</u>	<u>(26)</u>	<u>(21)</u>	<u>(1)</u>	<u>1</u>	<u>—</u>
Total	<u>(4)</u>	<u>(30)</u>	<u>(34)</u>	<u>(5)</u>	<u>—</u>	<u>(5)</u>
Trading account liabilities:						
Domestic	—	(1)	(1)	(1)	3	2
Foreign	<u>4</u>	<u>4</u>	<u>8</u>	<u>4</u>	<u>(6)</u>	<u>(2)</u>
Total	<u>4</u>	<u>3</u>	<u>7</u>	<u>3</u>	<u>(3)</u>	<u>—</u>
Long-term debt:						
Domestic	17	(10)	7	40	(43)	(3)
Foreign	<u>1</u>	<u>—</u>	<u>1</u>	<u>(2)</u>	<u>3</u>	<u>1</u>
Total	<u>18</u>	<u>(10)</u>	<u>8</u>	<u>38</u>	<u>(40)</u>	<u>(2)</u>
Total interest expense:						
Domestic	11	(22)	(11)	37	(46)	(9)
Foreign	<u>26</u>	<u>(25)</u>	<u>1</u>	<u>27</u>	<u>(8)</u>	<u>19</u>
Total	<u>37</u>	<u>(47)</u>	<u>(10)</u>	<u>64</u>	<u>(54)</u>	<u>10</u>
Net interest income:						
Domestic	(20)	(30)	(50)	(42)	(2)	(44)
Foreign	<u>50</u>	<u>10</u>	<u>60</u>	<u>79</u>	<u>(10)</u>	<u>69</u>
Total	<u>30</u>	<u>(20)</u>	<u>10</u>	<u>37</u>	<u>(12)</u>	<u>25</u>

II. Investment portfolio

The following table shows the amortized cost, fair value and net unrealized gains (losses) of available-for-sale and held-to-maturity securities at March 31, 2013, 2014 and 2015:

	2013			2014			2015		
	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:									
Domestic:									
Japanese government bonds	30,710	30,783	73	22,040	22,056	16	17,391	17,414	23
Agency mortgage-backed securities ⁽¹⁾	842	862	20	842	855	13	717	734	17
Corporate bonds and other debt securities	3,054	3,084	30	2,696	2,717	21	2,578	2,597	19
Equity securities (marketable)	1,598	3,036	1,438	1,648	3,402	1,754	1,697	4,396	2,699
Total domestic	<u>36,204</u>	<u>37,765</u>	<u>1,561</u>	<u>27,226</u>	<u>29,030</u>	<u>1,804</u>	<u>22,383</u>	<u>25,141</u>	<u>2,758</u>
Foreign:									
U.S. Treasury bonds and federal agency securities	177	178	1	158	154	(4)	116	117	1
Other foreign government bonds	596	598	2	719	721	2	962	966	4
Agency mortgage-backed securities ⁽²⁾	145	144	(1)	113	106	(7)	90	88	(2)
Corporate bonds and other debt securities	603	626	23	599	618	19	747	758	11
Equity securities (marketable)	101	103	2	20	20	—	1	1	—
Total foreign	<u>1,622</u>	<u>1,649</u>	<u>27</u>	<u>1,609</u>	<u>1,619</u>	<u>10</u>	<u>1,916</u>	<u>1,930</u>	<u>14</u>
Total	<u>37,826</u>	<u>39,414</u>	<u>1,588</u>	<u>28,835</u>	<u>30,649</u>	<u>1,814</u>	<u>24,299</u>	<u>27,071</u>	<u>2,772</u>
Held-to-maturity securities:									
Domestic:									
Japanese government bonds	<u>3,000</u>	<u>3,020</u>	<u>20</u>	<u>4,040</u>	<u>4,058</u>	<u>18</u>	<u>4,360</u>	<u>4,389</u>	<u>29</u>
Total domestic	<u>3,000</u>	<u>3,020</u>	<u>20</u>	<u>4,040</u>	<u>4,058</u>	<u>18</u>	<u>4,360</u>	<u>4,389</u>	<u>29</u>
Foreign:									
Agency mortgage-backed securities ⁽³⁾	—	—	—	—	—	—	1,287	1,289	2
Total foreign	—	—	—	—	—	—	1,287	1,289	2
Total	<u>3,000</u>	<u>3,020</u>	<u>20</u>	<u>4,040</u>	<u>4,058</u>	<u>18</u>	<u>5,647</u>	<u>5,678</u>	<u>31</u>

Notes:

- (1) All domestic agency mortgage-backed securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.
- (2) Foreign agency mortgage-backed securities primarily consist of Government National Mortgage Association (“Ginnie Mae”) securities, which are guaranteed by the United States government.
- (3) All foreign agency mortgage-backed securities presented in the above table at March 31, 2015 are Ginnie Mae securities.

The following table shows the book values, contractual maturities and weighted average yields of available-for-sale and held-to-maturity debt securities at March 31, 2015. Fair value and amortized cost are the basis of the book value for available-for-sale and held-to-maturity debt securities, respectively. Weighted average yields are calculated based on amortized cost for all debt securities.

	Maturity									
	One year or less		After one year through five years		After five years through ten years		After ten years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
(in billions of yen, except percentages)										
Available-for-sale securities:										
Domestic:										
Japanese government bonds	3,621	0.04%	12,355	0.07%	1,438	0.40%	—	— %	17,414	0.09%
Agency mortgage-backed securities	—	— %	—	— %	—	— %	734	1.27%	734	1.27%
Corporate bonds and other debt securities	446	0.33%	1,399	0.47%	413	0.72%	339	1.14%	2,597	0.57%
Total domestic	<u>4,067</u>	0.07%	<u>13,754</u>	0.12%	<u>1,851</u>	0.47%	<u>1,073</u>	1.23%	<u>20,745</u>	0.19%
Foreign:										
U.S. Treasury bonds and federal agency securities	5	0.03%	12	0.56%	61	1.76%	39	2.24%	117	1.72%
Other foreign government bonds	725	2.19%	224	2.18%	16	2.29%	1	1.85%	966	2.19%
Agency mortgage-backed securities	—	— %	—	— %	—	— %	88	2.75%	88	2.75%
Corporate bonds and other debt securities	280	3.33%	379	3.03%	81	1.36%	18	0.46%	758	2.91%
Total foreign	<u>1,010</u>	2.50%	<u>615</u>	2.67%	<u>158</u>	1.60%	<u>146</u>	2.33%	<u>1,929</u>	2.47%
Total	<u>5,077</u>	0.55%	<u>14,369</u>	0.22%	<u>2,009</u>	0.56%	<u>1,219</u>	1.36%	<u>22,674</u>	0.39%
Held-to-maturity securities:										
Domestic:										
Japanese government bonds	600	0.43%	3,280	0.22%	480	0.67%	—	— %	4,360	0.30%
Total domestic	<u>600</u>	0.43%	<u>3,280</u>	0.22%	<u>480</u>	0.67%	—	— %	<u>4,360</u>	0.30%
Foreign:										
Agency mortgage-backed securities	—	— %	—	— %	—	— %	1,287	3.70%	1,287	3.70%
Total foreign	—	— %	—	— %	—	— %	<u>1,287</u>	3.70%	<u>1,287</u>	3.70%
Total	<u>600</u>	0.43%	<u>3,280</u>	0.22%	<u>480</u>	0.67%	<u>1,287</u>	3.70%	<u>5,647</u>	1.07%

Other than Japanese government bonds and Japanese agency mortgage-backed securities issued by Japan Housing Finance Agency, the MHFG Group did not have any securities of individual issuers with respect to which their aggregate book value exceeded 10% of the Group's shareholders' equity at March 31, 2015.

In addition to Available-for-sale securities and Held-to-maturity securities, the MHFG Group's Investments also include Other investments. See Note 3 "Investments" to the consolidated financial statements included elsewhere in this annual report for information regarding Other investments.

III. Loan portfolio

Types of loans

The following table shows loans outstanding by domicile and industry of borrower at March 31, 2011, 2012, 2013, 2014 and 2015:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in billions of yen)				
Domestic:					
Manufacturing	7,617	7,587	8,079	8,026	8,224
Construction and real estate	7,308	7,271	7,478	7,205	7,354
Services	4,287	3,981	3,972	3,957	4,273
Wholesale and retail	5,314	5,295	5,356	5,351	5,587
Transportation and communications	3,228	3,201	3,147	3,247	3,157
Banks and other financial institutions	3,908	3,501	3,143	3,460	3,853
Government and public institutions	7,154	6,912	6,907	6,734	4,612
Other industries ^(Note)	3,759	4,319	4,522	4,983	5,080
Individuals:					
Mortgage loans	11,436	11,191	11,234	11,187	11,022
Other	745	719	742	788	848
Total domestic	<u>54,756</u>	<u>53,977</u>	<u>54,580</u>	<u>54,938</u>	<u>54,010</u>
Foreign:					
Commercial and industrial	6,965	8,146	10,481	12,938	16,688
Banks and other financial institutions	2,588	3,343	4,089	4,610	6,077
Government and public institutions	453	522	596	883	1,011
Other ^(Note)	9	91	199	255	426
Total foreign	<u>10,015</u>	<u>12,102</u>	<u>15,365</u>	<u>18,686</u>	<u>24,202</u>
Total	<u>64,771</u>	<u>66,079</u>	<u>69,945</u>	<u>73,624</u>	<u>78,212</u>
Less: Unearned income and deferred loan fees—net	81	90	112	139	164
Total loans before allowance for loan losses	<u>64,690</u>	<u>65,989</u>	<u>69,833</u>	<u>73,485</u>	<u>78,048</u>

Note: Other industries of domestic and Other of foreign include trade receivables and lease receivables of consolidated variable interest entities.

There were no concentrations of loans exceeding 10% of total loans which are not disclosed as a category of loans in the table above.

Maturities and sensitivities of loans to changes in interest rates

The following table shows the maturities of loan portfolio by domicile and industry of borrower at March 31, 2015:

	Maturity			Total
	One year or less	After one year through five years	After five years	
	(in billions of yen)			
Domestic:				
Manufacturing	4,164	3,280	780	8,224
Construction and real estate	2,143	3,073	2,138	7,354
Services	1,762	1,891	620	4,273
Wholesale and retail	3,554	1,686	347	5,587
Transportation and communications	929	1,526	702	3,157
Banks and other financial institutions	2,180	1,356	317	3,853
Government and public institutions	3,714	406	492	4,612
Other industries	2,785	1,295	1,000	5,080
Individuals	<u>1,437</u>	<u>2,572</u>	<u>7,861</u>	<u>11,870</u>
Total domestic	22,668	17,085	14,257	54,010
Foreign:				
Total foreign	<u>10,616</u>	<u>10,970</u>	<u>2,616</u>	<u>24,202</u>
Total	<u><u>33,284</u></u>	<u><u>28,055</u></u>	<u><u>16,873</u></u>	<u><u>78,212</u></u>

Of the above loans due after one year, loans which had floating rates and fixed rates at March 31, 2015 were as follows:

	(in billions of yen)
Floating rates	35,352
Fixed rates	<u>9,576</u>
Total	<u><u>44,928</u></u>

Impaired loans

The MHFG Group considers loans to be impaired when it is probable that the Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loans. The Group classifies loans to special attention, intensive control, substantially bankrupt and bankrupt obligors as impaired loans. Impaired loans include loans past due for 90 days or more and restructured loans that meet the definition of troubled debt restructuring in accordance with ASC 310 “Receivables”. All of the Group’s impaired loans are designated as nonaccrual loans. The Group does 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. The following table shows the distribution of impaired loans at March 31, 2011, 2012, 2013, 2014 and 2015 by domicile and industry of borrower:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in billions of yen)				
Domestic:					
Manufacturing	309	297	336	229	480
Construction and real estate	265	205	249	138	101
Services	108	119	90	79	71
Wholesale and retail	177	201	173	156	150
Transportation and communications	54	53	59	48	36
Banks and other financial institutions	3	12	14	11	5
Other industries	1	4	5	1	1
Individuals	<u>290</u>	<u>264</u>	<u>235</u>	<u>195</u>	<u>143</u>
Total domestic	1,207	1,155	1,161	857	987
Foreign:					
Total foreign	<u>116</u>	<u>155</u>	<u>303</u>	<u>288</u>	<u>188</u>
Total impaired loans	<u>1,323</u>	<u>1,310</u>	<u>1,464</u>	<u>1,145</u>	<u>1,175</u>

Had interest on nonaccrual loans been accrued at the original contractual terms, gross interest income on domestic and foreign nonaccrual loans outstanding during the fiscal year ended March 31, 2015 would have been ¥21 billion and ¥8 billion, respectively. The MHFG group recognized interest income on those domestic and foreign loans of ¥19 billion and ¥3 billion, respectively, in the consolidated statements of income for the fiscal year ended March 31, 2015.

Cross-border outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-bearing deposits with other banks, other interest-bearing investments and any other monetary assets denominated in Japanese yen or other non-local currencies. This cross-border disclosure is based on the reports to the Bank of Japan required under Japanese foreign exchange-related law. Local currency outstandings are netted out from cross-border outstandings.

The following table sets forth the cross-border outstandings to borrowers in countries with respect to which the total of such outstandings exceeded 0.75% of consolidated total assets at March 31, 2013, 2014 and 2015:

	<u>Public institutions</u>	<u>Banks</u>	<u>Others</u>	<u>Total</u>	<u>% of total assets</u>	<u>Undrawn commitments</u>
	(in billions of yen, except percentages)					
2013						
United States	5,248	374	3,441	9,063	5.07%	2,914
Germany	2,078	223	158	2,459	1.38%	258
2014						
United States	3,425	344	3,400	7,169	4.08%	3,682
France	1,447	283	166	1,896	1.08%	549
Germany	1,376	97	240	1,713	0.98%	330
China	107	740	631	1,478	0.84%	55
Korea	93	406	911	1,410	0.80%	48
2015						
United States	4,666	341	5,338	10,345	5.44%	8,357
Germany	1,206	192	279	1,677	0.88%	316
France	1,183	294	197	1,674	0.88%	543
China	108	639	767	1,514	0.80%	82

IV. Summary of loan loss experience

The following table shows an analysis of loan loss experience by domicile and industry of borrower for the fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in billions of yen, except percentages)				
Allowance for loan losses at beginning of fiscal year	880	735	683	773	626
Provision (credit) for loan losses	<u>1</u>	<u>(23)</u>	<u>140</u>	<u>(126)</u>	<u>(60)</u>
Charge-offs:					
Domestic:					
Manufacturing	20	18	25	20	8
Construction and real estate	20	7	5	1	3
Services	20	7	10	3	2
Wholesale and retail	28	14	11	13	15
Transportation and communications	59	2	2	7	1
Banks and other financial institutions	1	1	—	—	—
Other industries	1	2	—	—	—
Individuals	<u>17</u>	<u>19</u>	<u>17</u>	<u>13</u>	<u>10</u>
Total domestic	166	70	70	57	39
Total foreign	<u>19</u>	<u>10</u>	<u>25</u>	<u>8</u>	<u>40</u>
Total charge-offs	<u>185</u>	<u>80</u>	<u>95</u>	<u>65</u>	<u>79</u>
Recoveries:					
Domestic:					
Manufacturing	7	12	4	6	2
Construction and real estate	14	12	8	5	4
Services	5	4	3	3	2
Wholesale and retail	5	9	3	3	3
Transportation and communications	1	2	1	3	1
Banks and other financial institutions	1	1	1	—	—
Other industries	—	—	—	1	1
Individuals	<u>2</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>3</u>
Total domestic	35	43	24	24	16
Total foreign	<u>13</u>	<u>9</u>	<u>8</u>	<u>2</u>	<u>7</u>
Total recoveries	<u>48</u>	<u>52</u>	<u>32</u>	<u>26</u>	<u>23</u>
Net charge-offs	<u>137</u>	<u>28</u>	<u>63</u>	<u>39</u>	<u>56</u>
Others ^(Note)	(9)	(1)	13	18	10
Balance at end of fiscal year	<u>735</u>	<u>683</u>	<u>773</u>	<u>626</u>	<u>520</u>
Ratio of net charge-offs to average loans outstanding	<u>0.22%</u>	<u>0.04%</u>	<u>0.09%</u>	<u>0.05%</u>	<u>0.07%</u>

Note: Others includes primarily foreign exchange translation.

The following table shows an allocation of the MHFG Group's allowance for loan losses by domicile and industry of borrower at March 31, 2011, 2012, 2013, 2014 and 2015:

	2011		2012		2013		2014		2015	
	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans
(in billions of yen, except percentages)										
Domestic:										
Manufacturing	155	11.76%	132	11.48%	210	11.55%	177	10.90%	187	10.52%
Construction and real estate	104	11.28%	83	11.00%	79	10.69%	51	9.79%	33	9.40%
Services	55	6.62%	51	6.03%	35	5.68%	30	5.37%	26	5.46%
Wholesale and retail	103	8.20%	101	8.01%	84	7.66%	65	7.27%	66	7.14%
Transportation and communications	34	4.98%	27	4.84%	26	4.50%	22	4.41%	14	4.04%
Banks and other financial institutions	15	6.03%	20	5.30%	28	4.49%	21	4.70%	18	4.93%
Other industries ^(Note)	12	16.86%	12	17.00%	12	16.34%	5	15.92%	5	12.39%
Individuals	150	18.81%	127	18.03%	109	17.12%	95	16.26%	59	15.18%
Mortgage loans	120	17.66%	102	16.94%	86	16.06%	74	15.19%	51	14.09%
Other	30	1.15%	25	1.09%	23	1.06%	21	1.07%	8	1.09%
Total domestic	628	84.54%	553	81.69%	583	78.03%	466	74.62%	408	69.06%
Total foreign	107	15.46%	130	18.31%	190	21.97%	160	25.38%	112	30.94%
Total allowance for loan losses	735	100.00%	683	100.00%	773	100.00%	626	100.00%	520	100.00%

Note: Other industries includes government and public institutions.

V. Deposits

The following table shows the average amount of, and the average rate on, the following deposit categories for the fiscal years ended March 31, 2013, 2014 and 2015:

	2013		2014		2015	
	Average amount	Average rate	Average amount	Average rate	Average amount	Average rate
	(in billions of yen, except percentages)					
Domestic offices:						
Noninterest-bearing demand deposits	10,470	— %	11,836	— %	12,378	— %
Interest-bearing demand deposits	31,088	0.02%	33,399	0.02%	35,585	0.02%
Deposits at notice ^(Note)	652	0.02%	668	0.02%	682	0.02%
Time deposits	28,173	0.14%	28,751	0.13%	28,984	0.11%
Certificates of deposit	10,368	0.11%	11,040	0.09%	11,875	0.09%
Foreign offices:						
Noninterest-bearing demand deposits	787	— %	995	— %	1,179	— %
Interest-bearing deposits, principally time deposits	8,255	0.59%	10,496	0.60%	13,647	0.59%
Certificates of deposit	3,445	0.54%	4,199	0.41%	6,154	0.31%
Total	93,238	0.13%	101,384	0.13%	110,484	0.14%

Note: Deposits at notice represent interest-bearing demand deposits which require the depositor to give two or more days notice in advance of withdrawal.

The total amounts of deposits by foreign depositors in domestic offices at March 31, 2013, 2014 and 2015 were ¥741 billion, ¥726 billion and ¥871 billion, respectively.

At March 31, 2015, the balance and remaining maturities of time deposits and certificates of deposit issued by domestic offices in amounts of ¥10 million (approximately US\$83 thousand at the Federal Reserve Bank of New York's noon buying rate on March 31, 2015) or more and the balances of these deposits issued by foreign offices in amounts of US\$100,000 or more are shown in the following table:

	Time deposits	Certificates of deposit	Total
	(in billions of yen)		
Domestic offices:			
Due in three months or less	11,243	8,301	19,544
Due after three months through six months	3,818	521	4,339
Due after six months through twelve months	3,377	186	3,563
Due after twelve months	1,403	4	1,407
Total	19,841	9,012	28,853
Foreign offices	11,949	6,683	18,632
Total	31,790	15,695	47,485

VI. Short-term borrowings

The following table shows certain additional information with respect to the MHFG Group's short-term borrowings for the fiscal years ended March 31, 2013, 2014 and 2015:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in billions of yen, except percentages)		
Due to trust accounts:			
Average balance outstanding during the fiscal year	618	742	726
Maximum balance outstanding at any month-end during the fiscal year	668	840	1,257
Balance at end of fiscal year	619	742	1,241
Weighted average interest rate during the fiscal year	0.23%	0.19%	0.17%
Weighted average interest rate on balance at end of fiscal year	0.23%	0.20%	0.12%
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions:			
Average balance outstanding during the fiscal year	30,990	32,335	33,938
Maximum balance outstanding at any month-end during the fiscal year	35,508	40,347	36,530
Balance at end of fiscal year	35,074	30,259	27,165
Weighted average interest rate during the fiscal year	0.24%	0.14%	0.13%
Weighted average interest rate on balance at end of fiscal year	0.19%	0.11%	0.18%
Other short-term borrowings:			
Average balance outstanding during the fiscal year	11,585	7,992	3,004
Maximum balance outstanding at any month-end during the fiscal year	15,093	9,790	6,007
Balance at end of fiscal year	6,724	6,024	1,583
Weighted average interest rate during the fiscal year	0.13%	0.13%	0.21%
Weighted average interest rate on balance at end of fiscal year	0.12%	0.13%	0.25%

MIZUHO FINANCIAL GROUP, INC.
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
of Mizuho Financial Group, Inc.

We have audited the accompanying consolidated balance sheets of Mizuho Financial Group, Inc. and subsidiaries (the “Company”) as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended March 31, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mizuho Financial Group, Inc. and subsidiaries at March 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Mizuho Financial Group, Inc. and subsidiaries’ internal control over financial reporting as of March 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated July 23, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young ShinNihon LLC

Tokyo, Japan
July 23, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
of Mizuho Financial Group, Inc.

We have audited Mizuho Financial Group, Inc. and subsidiaries' (the "Company") internal control over financial reporting as of March 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). The Mizuho Financial Group, Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Mizuho Financial Group, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Mizuho Financial Group, Inc. and subsidiaries as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended March 31, 2015 and our report dated July 23, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young ShinNihon LLC

Tokyo, Japan
July 23, 2015

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2014 AND 2015

	<u>2014</u>	<u>2015</u>
	<u>(in millions of yen)</u>	
Assets:		
Cash and due from banks (Note 8)	1,696,879	1,528,306
Interest-bearing deposits in other banks (Note 8)	19,037,527	27,852,853
Call loans and funds sold	468,283	444,115
Receivables under resale agreements (Note 28)	8,349,365	8,582,026
Receivables under securities borrowing transactions (Note 28)	5,010,740	4,059,341
Trading account assets (including assets pledged that secured parties are permitted to sell or repledge of ¥9,445,432 million in 2014 and ¥7,645,031 million in 2015) (Notes 8, 27 and 28)	27,408,259	29,416,024
Investments (Notes 3, 8 and 27):		
Available-for-sale securities (including assets pledged that secured parties are permitted to sell or repledge of ¥3,422,827 million in 2014 and ¥776,660 million in 2015)	30,648,761	27,070,710
Held-to-maturity securities (including assets pledged that secured parties are permitted to sell or repledge of ¥1,272,433 million in 2015)	4,040,083	5,647,341
Other investments	792,689	697,687
Loans (Notes 4, 5, 8 and 27)	73,484,954	78,048,276
Allowance for loan losses	(626,177)	(520,259)
Loans, net of allowance	72,858,777	77,528,017
Premises and equipment—net (Note 6)	1,356,594	1,632,485
Due from customers on acceptances	92,398	139,011
Accrued income	264,380	280,010
Goodwill (Note 7)	11,549	11,703
Intangible assets (Note 7)	58,947	53,580
Deferred tax assets (Note 19)	405,120	57,921
Other assets (Notes 4, 8, 12, 20, 22 and 27)	3,198,995	5,118,604
Total assets	<u>175,699,346</u>	<u>190,119,734</u>

The following table presents the assets of consolidated variable interest entities (“VIE”s), which are included in the consolidated balance sheets above. The assets in the table below can be used only to settle obligations of consolidated VIEs.

	<u>2014</u>	<u>2015</u>
	<u>(in millions of yen)</u>	
Assets of consolidated VIEs:		
Cash and due from banks	25,762	79,408
Interest-bearing deposits in other banks	10,306	12,267
Trading account assets	1,383,280	1,877,877
Investments	72,626	47,505
Loans, net of allowance	2,639,153	2,817,142
Other	421,585	1,050,504
Total assets	<u>4,552,712</u>	<u>5,884,703</u>

See the accompanying Notes to the Consolidated Financial Statements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS—(Continued)
MARCH 31, 2014 AND 2015

	2014	2015
	(in millions of yen)	
Liabilities and equity:		
Deposits (Notes 8 and 9):		
Domestic:		
Noninterest-bearing deposits	12,751,194	13,576,340
Interest-bearing deposits	73,114,857	78,187,584
Foreign:		
Noninterest-bearing deposits	1,114,729	1,358,121
Interest-bearing deposits	15,629,374	21,084,396
Due to trust accounts (Note 10)	742,036	1,241,101
Call money and funds purchased	7,194,433	5,091,198
Payables under repurchase agreements (Note 28)	16,797,809	19,612,021
Payables under securities lending transactions (Note 28)	6,265,875	2,462,315
Other short-term borrowings (Note 11)	6,023,972	1,582,597
Trading account liabilities (Notes 27 and 28)	14,824,922	16,471,857
Bank acceptances outstanding	92,398	139,011
Income taxes payable	57,124	158,748
Deferred tax liabilities (Note 19)	33,181	293,956
Accrued expenses	160,107	153,541
Long-term debt (including liabilities accounted for at fair value of ¥657,626 million in 2014, and ¥739,727 million in 2015) (Notes 11 and 27)	9,853,941	14,582,241
Other liabilities (Notes 12, 20, 22, 23 and 27)	4,422,023	5,934,863
Total liabilities	169,077,975	181,929,890
Commitments and contingencies (Note 23)		
Equity:		
MHFG shareholders' equity:		
Preferred stock (Note 13)	312,651	213,121
Common stock (Note 14)—no par value, authorized 48,000,000,000 shares in 2014 and 2015, and issued 24,263,885,187 shares in 2014, and 24,621,897,967 shares in 2015	5,489,295	5,590,396
Retained earnings (Accumulated deficit)	(537,479)	89,432
Accumulated other comprehensive income, net of tax (Note 16)	1,117,877	2,041,005
Less: Treasury stock, at cost—Common stock 13,817,747 shares in 2014, and 11,649,262 shares in 2015	(3,874)	(3,616)
Total MHFG shareholders' equity	6,378,470	7,930,338
Noncontrolling interests	242,901	259,506
Total equity	6,621,371	8,189,844
Total liabilities and equity	175,699,346	190,119,734

The following table presents the liabilities of consolidated VIEs, which are included in the consolidated balance sheets above. The creditors or investors of the consolidated VIEs have no recourse to the MHFG Group, except where the Group provides credit enhancement through guarantees or other means.

	2014	2015
	(in millions of yen)	
Liabilities of consolidated VIEs:		
Other short-term borrowings	287,910	311,334
Trading account liabilities	7,355	2,293
Long-term debt	173,870	250,448
Other	929,990	1,492,914
Total liabilities	1,399,125	2,056,989

See the accompanying Notes to the Consolidated Financial Statements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED MARCH 31, 2013, 2014 AND 2015

	2013	2014	2015
	(in millions of yen)		
Interest and dividend income:			
Loans, including fees	947,983	982,402	988,236
Investments:			
Interest	162,451	131,295	130,626
Dividends	63,329	72,052	74,673
Trading account assets	169,216	161,212	174,458
Call loans and funds sold	4,947	5,949	7,555
Receivables under resale agreements and securities borrowing transactions	57,220	36,281	33,379
Deposits	18,229	33,608	48,732
Total interest and dividend income	1,423,375	1,422,799	1,457,659
Interest expense:			
Deposits	124,053	133,140	149,776
Trading account liabilities	23,688	30,746	31,402
Call money and funds purchased	7,686	7,664	7,545
Payables under repurchase agreements and securities lending transactions	66,995	36,906	36,641
Other short-term borrowings	16,490	12,120	7,490
Long-term debt	173,939	180,989	179,128
Total interest expense	412,851	401,565	411,982
Net interest income	1,010,524	1,021,234	1,045,677
Provision (credit) for loan losses (Notes 4 and 5)	139,947	(126,230)	(60,223)
Net interest income after provision (credit) for loan losses	870,577	1,147,464	1,105,900
Noninterest income:			
Fee and commission income (Note 25)	612,808	675,763	715,657
Foreign exchange gains (losses)—net (Note 26)	20,514	25,631	(34,520)
Trading account gains (losses)—net (Note 26)	534,100	(59,687)	689,959
Investment gains (losses)—net (Note 3)	123,351	237,556	271,174
Equity in earnings (losses) of equity method investees—net	(2,192)	27,975	17,502
Gains on disposal of premises and equipment	12,411	10,460	2,754
Other noninterest income (Note 22)	138,427	165,136	138,689
Total noninterest income	1,439,419	1,082,834	1,801,215
Noninterest expenses:			
Salaries and employee benefits (Note 20)	572,301	586,737	605,454
General and administrative expenses	439,708	486,772	530,365
Impairment of goodwill (Note 7)	—	3,792	—
Occupancy expenses	171,697	172,566	189,004
Fee and commission expenses	109,018	122,419	134,395
Provision (credit) for losses on off-balance-sheet instruments (Note 23)	4,584	12,095	(2,827)
Other noninterest expenses (Notes 4 and 22)	127,508	119,574	183,071
Total noninterest expenses	1,424,816	1,503,955	1,639,462
Income before income tax expense	885,180	726,343	1,267,653
Income tax expense (Note 19)	4,024	226,108	437,420
Net income	881,156	500,235	830,233
Less: Net income attributable to noncontrolling interests	5,744	1,751	27,185
Net income attributable to MHFG shareholders	875,412	498,484	803,048
Earnings per common share (Note 18):		(in yen)	
Basic net income per common share	36.05	20.33	32.75
Diluted net income per common share	34.47	19.64	31.64

Note: Certain income for the fiscal years ended March 31, 2013 and 2014 has been reclassified to conform to the current year's presentation.

See the accompanying Notes to the Consolidated Financial Statements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FISCAL YEARS ENDED MARCH 31, 2013, 2014 AND 2015

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Net income	881,156	500,235	830,233
Other comprehensive income (loss), net of tax:			
Net unrealized gains (losses) on available-for-sale securities, net of tax (Note 3)	368,896	137,128	622,975
Foreign currency translation adjustments, net of tax	87,651	76,104	136,299
Pension liability adjustments, net of tax (Note 20)	78,676	136,942	163,338
Total other comprehensive income (loss), net of tax	<u>535,223</u>	<u>350,174</u>	<u>922,612</u>
Total comprehensive income	1,416,379	850,409	1,752,845
Less: Total comprehensive income attributable to noncontrolling interests	8,558	12,045	26,669
Total comprehensive income attributable to MHFG shareholders	<u>1,407,821</u>	<u>838,364</u>	<u>1,726,176</u>

Note: The amounts that have been reclassified out of Accumulated other comprehensive income, net of tax into net income are presented in Note 16 "Accumulated other comprehensive income".

See the accompanying Notes to the Consolidated Financial Statements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE FISCAL YEARS ENDED MARCH 31, 2013, 2014 AND 2015

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Preferred stock (Note 13):			
Balance at beginning of fiscal year	410,368	377,354	312,651
Conversion to common stock	(33,014)	(28,013)	(99,530)
Cancellation of preferred stock	—	(36,690)	—
Balance at end of fiscal year	<u>377,354</u>	<u>312,651</u>	<u>213,121</u>
Common stock (Note 14):			
Balance at beginning of fiscal year	5,427,992	5,460,821	5,489,295
Issuance of new shares of common stock due to conversion of preferred stock	33,014	28,013	99,530
Issuance of new shares of common stock due to exercise of stock acquisition rights	—	—	864
Gains (losses) on disposal of treasury stock	(631)	(31)	67
Stock-based compensation (Note 21)	529	492	640
Change in ownership interest in consolidated subsidiaries	(83)	—	—
Balance at end of fiscal year	<u>5,460,821</u>	<u>5,489,295</u>	<u>5,590,396</u>
Retained earnings (Accumulated deficit):			
Balance at beginning of fiscal year	(1,606,108)	(883,390)	(537,479)
Net income attributable to MHFG shareholders	875,412	498,484	803,048
Dividends declared	(152,694)	(152,265)	(176,137)
Cancellation of preferred stock	—	(308)	—
Balance at end of fiscal year	<u>(883,390)</u>	<u>(537,479)</u>	<u>89,432</u>
Accumulated other comprehensive income, net of tax (Note 16):			
Balance at beginning of fiscal year	245,588	777,997	1,117,877
Change during year	532,409	339,880	923,128
Balance at end of fiscal year	<u>777,997</u>	<u>1,117,877</u>	<u>2,041,005</u>
Treasury stock, at cost:			
Balance at beginning of fiscal year	(7,074)	(4,662)	(3,874)
Purchases of treasury stock	(395)	(37,387)	(274)
Disposal of treasury stock	2,807	1,177	532
Cancellation of treasury stock	—	36,998	—
Balance at end of fiscal year	<u>(4,662)</u>	<u>(3,874)</u>	<u>(3,616)</u>
Total MHFG shareholders' equity	<u>5,728,120</u>	<u>6,378,470</u>	<u>7,930,338</u>
Noncontrolling interests:			
Balance at beginning of fiscal year	176,258	128,975	242,901
Effect of other increase/decrease in consolidated subsidiaries	(36,457)	113,887	(6,128)
Dividends paid to noncontrolling interests	(19,384)	(12,006)	(3,936)
Net income attributable to noncontrolling interests	5,744	1,751	27,185
Net unrealized gains (losses) on available-for-sale securities attributable to noncontrolling interests	2,408	8,980	(1,360)
Foreign currency translation adjustments attributable to noncontrolling interests	190	118	686
Pension liability adjustments attributable to noncontrolling interests	216	1,196	158
Balance at end of fiscal year	<u>128,975</u>	<u>242,901</u>	<u>259,506</u>
Total equity	<u>5,857,095</u>	<u>6,621,371</u>	<u>8,189,844</u>

Note: The amounts that have been reclassified out of Accumulated other comprehensive income, net of tax into net income are presented in Note 16 "Accumulated other comprehensive income".

See the accompanying Notes to the Consolidated Financial Statements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2013, 2014 AND 2015

	2013	2014	2015
	(in millions of yen)		
Cash flows from operating activities:			
Net income	881,156	500,235	830,233
Less: Net income attributable to noncontrolling interests	5,744	1,751	27,185
Net income attributable to MHFG shareholders	875,412	498,484	803,048
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	157,165	161,258	166,528
Provision (credit) for loan losses	139,947	(126,230)	(60,223)
Investment losses (gains)—net	(123,351)	(237,556)	(271,174)
Equity in losses (earnings) of equity method investees—net	2,192	(27,975)	(17,502)
Foreign exchange losses (gains)—net	160,588	127,254	357,103
Deferred income tax expense (benefit)	(43,831)	90,375	181,990
Net change in trading account assets	(2,336,912)	7,205,841	(2,121,400)
Net change in trading account liabilities	(536,213)	(2,359,775)	1,333,577
Net change in loans held for sale	4,571	(53,291)	56,549
Net change in accrued income	(22,386)	21,735	(7,531)
Net change in accrued expenses	(20,215)	12,262	87,157
Other—net	445,045	638,926	697,804
Net cash provided by (used in) operating activities	(1,297,988)	5,951,308	1,205,926
Cash flows from investing activities:			
Proceeds from sales of investments	75,617,212	64,003,905	58,629,117
Proceeds from maturities of investments	14,578,614	9,862,926	6,107,552
Purchases of investments	(89,109,906)	(65,822,738)	(61,507,248)
Proceeds from sales of loans	144,244	215,419	651,339
Net change in loans	(2,501,863)	(2,313,291)	(2,800,196)
Net change in interest-bearing deposits in other banks	(4,638,673)	(7,417,572)	(8,189,150)
Net change in call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	(268,103)	2,306,310	1,813,089
Proceeds from sales of premises and equipment	18,002	39,324	41,521
Purchases of premises and equipment	(161,359)	(456,980)	(419,912)
Net cash provided by (used in) investing activities	(6,321,832)	417,303	(5,673,888)
Cash flows from financing activities:			
Net change in deposits	7,417,964	657,308	9,460,669
Net change in call money and funds purchased, and payables under repurchase agreements and securities lending transactions	7,468,344	(6,771,338)	(5,376,701)
Net change in due to trust accounts	59,537	122,765	499,065
Net change in other short-term borrowings	(7,251,033)	(724,788)	(4,480,378)
Proceeds from issuance of long-term debt	1,602,983	1,999,764	6,537,703
Repayment of long-term debt	(1,488,151)	(1,097,627)	(2,196,492)
Proceeds from noncontrolling interests	1,057	43,083	891
Payment to noncontrolling interests	(11)	(1)	(1)
Proceeds from issuance of common stock	—	—	6
Proceeds from sales of treasury stock	1,074	11	3
Purchases of treasury stock	(7)	(37,013)	(12)
Dividends paid	(152,514)	(152,163)	(176,186)
Dividends paid to noncontrolling interests	(19,384)	(12,006)	(3,936)
Net cash provided by (used in) financing activities	7,639,859	(5,972,005)	4,264,631
Effect of exchange rate changes on cash and due from banks	31,776	31,831	34,758
Net increase (decrease) in cash and due from banks	51,815	428,437	(168,573)
Cash and due from banks at beginning of fiscal year	1,216,627	1,268,442	1,696,879
Cash and due from banks at end of fiscal year	1,268,442	1,696,879	1,528,306

See the accompanying Notes to the Consolidated Financial Statements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
FOR THE FISCAL YEARS ENDED MARCH 31, 2013, 2014 AND 2015

	2013	2014	2015
	(in millions of yen)		
Supplemental disclosure of cash flow information:			
Interest paid	447,766	408,803	419,070
Income taxes paid	92,547	122,619	172,022
Noncash investing activities:			
Transfer of loans into other investments	—	—	2,414
Investment in capital leases	8,547	7,901	8,184

See the accompanying Notes to the Consolidated Financial Statements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation and summary of significant accounting policies

Basis of presentation

Mizuho Financial Group, Inc. (“MHFG”) is a joint stock corporation with limited liability under the laws of Japan. MHFG, through its subsidiaries (“the MHFG Group”, or “the Group”), provides domestic and international financial services in Japan and other countries. MHFG’s subsidiaries are segmented on the basis of the nature of the financial products and services. Mizuho Bank, Ltd. (“MHBK”) is a banking subsidiary and offers a wide range of financial products and services mainly in relation to deposits, lending and exchange settlement to individuals, small and medium enterprises (“SMEs”), large corporations, financial institutions, public sector entities and foreign corporations, including foreign subsidiaries of Japanese corporations. Mizuho Trust & Banking Co., Ltd. (“MHTB”) is a trust bank subsidiary and offers mainly trust-related products and consulting services. Mizuho Securities Co., Ltd. (“MHSC”) is a securities and investment banking subsidiary and offers full-line securities services to corporations, financial institutions, public sector entities and individuals. Other major subsidiaries include Trust & Custody Services Bank, Ltd. (“TCSB”), Mizuho Capital Co., Ltd., and Mizuho Asset Management Co., Ltd. See Note 30 “Business segment information” for further discussion of the Group’s segment information.

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements are stated in Japanese yen, the currency of the country in which MHFG is incorporated and principally operates.

The accompanying consolidated financial statements include the accounts of MHFG and its subsidiaries. MHFG’s fiscal year ends on March 31 and fiscal year of certain subsidiaries ends on December 31. The necessary adjustments have been made to the consolidated financial statements if significant intercompany transactions took place during the three-months periods. When determining whether to consolidate investee entities, the MHFG Group performed a careful analysis of the facts and circumstances of the particular relationships between the MHFG Group and the investee entities as well as the ownership of voting shares. The consolidated financial statements also include the accounts of the VIEs for which MHFG or its subsidiaries have been determined to be the primary beneficiary in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, “Consolidation” (“ASC 810”). All significant intercompany transactions and balances have been eliminated upon consolidation. The MHFG Group accounts for investments in entities over which it has significant influence by using the equity method of accounting. These investments are included in Other investments and the Group’s proportionate share of income or loss is included in Equity in earnings (losses) of equity method investees—net.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Specific areas, among others, requiring the application of management’s estimates and judgment include assumptions pertaining to the allowance for loan losses, allowance for losses on off-balance-sheet instruments, deferred tax assets, derivative financial instruments, investments and pension and other employee benefits. Actual results could differ from estimates and assumptions made.

Definition of cash and due from banks

For purposes of the consolidated statements of cash flows, Cash and due from banks include cash on hand, cash items in the process of collection and noninterest-bearing deposits with banks.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Translation of foreign currency financial statements and foreign currency transactions

Financial statements of overseas entities are prepared using the functional currency of each entity and translated into Japanese yen for consolidation purposes. Assets and liabilities are translated using the fiscal-year-end exchange rate of each functional currency, and income and expense are translated using the average rate of each functional currency for the period.

Foreign currency translation gains and losses related to the financial statements of overseas entities of the MHFG Group, net of related income tax effects, are credited or charged directly to Foreign currency translation adjustments, a component of Accumulated other comprehensive income, net of tax (“AOCI”). The tax effects of gains and losses related to the foreign currency translation of financial statements of overseas entities are not recognized unless it is apparent that the temporary differences will reverse in the foreseeable future.

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the fiscal-year-end foreign exchange rates, and gains and losses resulting from such translation are included in Foreign exchange gains (losses)—net. Foreign currency denominated income and expenses are translated using the average exchange rates for the period.

Call loans and call money

Call loans and call money represent lending/borrowing, primarily through the Japanese short-term money market, to/from other financial institutions such as banks, insurance companies, and securities brokerage houses.

Repurchase and resale agreements, securities lending and borrowing and other secured financing transactions

Securities sold under agreements to repurchase (“repurchase agreements”), securities purchased under agreements to resell (“resale agreements”) and securities lending and borrowing transactions are accounted for as secured financing or lending transactions when control over the underlying securities is not deemed to be surrendered by the transferor. Otherwise, they are recorded as sales of securities with related forward repurchase commitments or purchases of securities with related forward resale commitments in accordance with ASC 860, “Transfers and Servicing” (“ASC 860”).

Repurchase transactions where the maturities of the securities transferred as collateral match the maturities of the repurchase agreements (“repo-to-maturity transactions”) are accounted for as sales rather than collateralized financings where the criteria for derecognition of the securities transferred under ASC 860 are met. There were no such transactions accounted for as sales as of March 31, 2014 and 2015.

Under resale agreements, securities borrowing and certain derivatives transactions, the MHFG Group receives collateral in the form of securities. In many cases, the MHFG Group is permitted to sell or repledge the securities obtained as collateral. Disclosures in respect of such collateral are presented in Note 8 “Pledged assets and collateral”. With respect to repurchase agreements, securities lending, and certain derivative transactions, counterparties may have the right to sell or repledge securities that the MHFG Group has pledged as collateral. The MHFG Group separately discloses these pledged securities in the consolidated balance sheets.

The MHFG Group monitors credit exposure arising from resale agreements, repurchase agreements, securities borrowing and securities lending transactions on a daily basis, and additional collateral is obtained from or returned to counterparties, as appropriate.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Trading securities and trading securities sold, not yet purchased

Trading securities consist of securities and money market instruments that are bought and held principally for the purpose of reselling in the near term with the objective of generating profits on short-term fluctuations in price. Trading securities sold, not yet purchased, are securities and money market instruments sold to third parties that the MHFG Group does not own and is obligated to purchase at a later date to cover the short position. Trading securities and trading securities sold, not yet purchased, are recorded on the trade date. Trading securities and trading securities sold, not yet purchased, are recorded at fair value in the consolidated balance sheets in Trading account assets and Trading account liabilities with realized and unrealized gains and losses recorded on a trade date basis in Trading account gains (losses)—net in the consolidated statements of income. Interest and dividends on trading securities, including securities sold, not yet purchased, are recorded in Interest and dividend income or Interest expense on an accrual basis.

Investments

Debt securities that the MHFG Group has both the positive intent and ability to hold to maturity are classified as Held-to-maturity securities and carried at amortized cost. Debt securities that the MHFG Group may not hold to maturity and any marketable equity securities, other than those classified as trading securities, are classified as Available-for-sale securities, and are carried at fair value, with unrealized gains and losses reported in AOCI.

The credit component of an other-than-temporary impairment of a debt security is reported in Investment gains (losses)—net, and the noncredit component is reported in Other comprehensive income (loss). See Note 3 “Investments” for further discussion of impairment. Interest and dividends, as well as amortization of premiums and accretion of discounts, are reported in Interest and dividend income. Amortization of premiums and accretion of discounts on debt securities are recognized over the remaining maturity under the interest method. Gains and losses on disposition of investments are computed using the first-in first-out method for debt securities and the average method for equity securities, and are recorded on the trade date.

Other investments include marketable and non-marketable equity securities accounted for using the equity method, marketable and non-marketable investments held by consolidated investment companies carried at fair value under specialized industry accounting principles for investment companies, and other non-marketable equity securities carried at cost, less other-than-temporary impairment, if any.

Derivative financial instruments

Derivative financial instruments are bought and held principally for the purpose of market making for customers, proprietary trading in order to generate trading revenues and fee income, and also to manage the MHFG Group’s exposure to interest rate, credit and market risks related to asset and liability management. Such derivative financial instruments include interest rate, foreign currency, equity, commodity and credit default swap agreements, options, caps and floors, and financial futures and forward contracts.

Derivatives bought and held for trading purposes are recorded in the consolidated balance sheets at fair value in Trading account assets and Trading account liabilities. The fair values of derivatives in a gain position and a loss position are reported as Trading account assets and Trading account liabilities, respectively.

Derivatives used for asset and liability management include contracts that qualify for hedge accounting under ASC 815, “Derivatives and Hedging” (“ASC 815”). To be eligible for hedge accounting, derivative instruments 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. All qualifying hedging derivatives are valued at fair value and

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

included in Trading account assets or Trading account liabilities. Derivatives that do not qualify for hedge accounting under ASC 815 are treated as trading positions and are accounted for as such. The fair value amounts recognized for all derivatives are not offset against the amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under the master netting agreement with the same counterparty.

The fair value of derivative financial instruments is determined based on quoted market prices or broker-dealer quotes, if available. If not available, the fair value is estimated using quoted market prices for similar instruments, option or binomial pricing models or a present value cash flow analysis, utilizing current observable market information, where available. In determining the fair value, the Group considers various factors such as exchange or over-the-counter market quotes, time value of money and volatility factors for options and warrants, observed prices for similar or synthetic instruments, and counterparty credit quality including potential exposure.

Changes in the fair value of all derivatives are recorded in earnings, except for derivatives qualifying as net investment hedges under ASC 815 which are recorded in AOCI. The changes in the fair values of all derivatives relating to foreign currency exchange rates are included in Foreign exchange gains (losses)—net and Trading account gains (losses)—net. Other elements of the changes in the fair values, including interest rate, equity and credit related components except that of certain credit derivatives hedging the credit risk in the corporate loan portfolio, are recognized in Trading account gains (losses)—net. The net gain (loss) resulting from changes in the fair values of certain credit derivatives where the Group purchases protection to mitigate its credit risk exposure related to its corporate loan portfolio is recorded in Other noninterest income (expenses).

Certain financial and hybrid instruments often contain embedded derivative instruments that possess implicit or explicit contract terms similar to those of a derivative instrument. Such derivative instruments are required to be fair-valued separately from the host contracts if they meet the bifurcation criteria of an embedded derivative. Such criteria include whether the entire instrument is not marked to market through earnings, the economic characteristics and risks of the embedded contract terms are not clearly and closely related to those of the host contract and the embedded contract terms would meet the definition of a derivative on a stand-alone basis.

Loans

Loans are generally carried at the principal amount adjusted for unearned income and deferred net nonrefundable loan fees and costs. Loan origination fees, net of certain direct origination costs are deferred and recognized over the contractual life of the loan as an adjustment of yield using a method that approximates the interest method. Interest income on performing loans is accrued and credited to income as it is earned. Unearned income and discounts or premiums on purchased loans are deferred and recognized over the life of the loan using a method that approximates the interest method.

Loans are considered impaired when, based on current information and events, it is probable that the MHFG Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. Factors considered by management in determining if a loan is impaired include delinquency status and the ability of the debtor to make payment of the principal and interest when due. Impaired loans include loans past due for 90 days or more and restructured loans that meet the definition of a troubled debt restructuring (“TDR”) in accordance with ASC 310, “Receivables” (“ASC 310”).

All of the MHFG Group’s impaired loans are designated as nonaccrual loans and thus interest accruals and the amortization of net origination fees are suspended and capitalized interest is written off. Cash received on nonaccrual loans is accounted for as a reduction of the loan principal if the ultimate collectibility of the principal amount is uncertain, otherwise, as interest income. Loans are not restored to accrual status until interest and

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

principal payments are current and future payments are reasonably assured. Impaired loans are restored to non-impaired loans and accrual status, when the MHFG Group determines that the borrower poses no concerns regarding current certainty of debt fulfillment. In general, such determination is made if the borrower qualifies for an obligor rating of E2 or above and is not classified as a special attention obligor. With respect to loans restructured in a TDR, in general, such loans are restored to non-impaired loans, and accrual status, when the borrower qualifies for an obligor rating of D or above. See Note 4 “Loans” for the definitions of obligor ratings.

Loans that have been identified to be sold are classified as loans held for sale within Other assets and are accounted for at the lower of cost or fair value on an individual loan basis. If management decides to retain certain loans held for sale for the foreseeable future or until maturity or payoff, such items are transferred to Loans at the lower of cost or fair value.

Allowance and provision (credit) for loan losses

The MHFG Group maintains an appropriate allowance for loan losses to absorb probable losses inherent in the loan portfolio and makes adjustments to such allowance through Provision (credit) for loan losses in the consolidated statements of income. Loan principal that management judges to be uncollectible, based on detailed loan reviews and a credit quality assessment, is charged off against the allowance for loan losses. In general, the MHFG Group charges off loans when the Group determines that the obligor should be classified as substantially bankrupt or bankrupt. See Note 4 “Loans” for the definitions of obligor categories. Obligors in the retail portfolio segment are generally determined to be substantially bankrupt when they are past due for more than six months, and as for other obligors, the Group separately monitors the credit quality of each obligor without using time-based triggers. Subsequent recoveries of previously charged-off loan balances are recorded as an increase to the allowance for loan losses as the recoveries are received.

The credit quality review process and the credit rating process serve as the basis for determining the allowance for loan losses. Through such processes loans are categorized into groups to reflect the probability of default, whereby the MHFG Group’s management assesses the ability of borrowers to service their debt, taking into consideration current financial information, ability to generate cash, historical payment experience, analysis of relevant industry segments and current trends. In determining the appropriate level of the allowance, the MHFG Group evaluates the probable loss by category of loan based on its risk type and characteristics.

The allowance for loan losses is determined in accordance with ASC 310 and ASC 450, “Contingencies” (“ASC 450”). The MHFG Group measures the impairment of a loan when it is probable that the Group will be unable to collect all amounts due according to the contractual terms of the loan agreement, based on (1) the present value of expected future cash flows, after considering the restructuring effect and subsequent payment default with respect to TDRs, discounted at the loan’s initial effective interest rate, or (2) the loan’s observable market price, or (3) the fair value of the collateral if the loan is collateral dependent. The collateral that the Group obtains for loans consists primarily of real estate or listed securities. In obtaining the collateral, the Group evaluates the fair value of the collateral and its legal enforceability. The Group also performs subsequent re-evaluations at least once a year. As it pertains to real estate, valuation is generally performed by an appraising subsidiary which is independent from the Group’s loan origination sections by using generally accepted valuation techniques such as (1) the replacement cost approach, or (2) the sales comparison approach or (3) the income approach. In the case of large real estate collateral, the Group generally engages third-party appraisers to perform the valuation. As it pertains to listed securities, observable market prices are used for valuation.

The formula allowance is applied to groups of small balance, homogeneous loans that are collectively evaluated for impairment and to non-homogeneous loans that have not been identified as impaired. The evaluation of the

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

inherent loss in respect of these loans involves a high degree of uncertainty, subjectivity and judgment because probable loan losses are not easily identifiable or measurable. In determining the formula allowance, the MHFG Group therefore relies on a statistical analysis that incorporates loss rates based on its own historical loss experience and third-party data such as the number of corporate default cases which is updated once a year. In determining the allowance amount, the Group analyzes (1) the probability of default: (a) by using the most recently available data for the past six years for the fiscal year ended March 31, 2013 and the most recently available data since April 2008 for the fiscal years ended March 31, 2014 and 2015 for the corporate portfolio segment and for the past six years for the retail portfolio segment, respectively, in the case of normal obligors; and (b) by using the most recently available data since April 2002, in the case of watch obligors; and (2) the loss given default by using the most recently available data for the past six years. As it pertains to TDR loans in the retail portfolio segment, which are subject to collective evaluation for impairment, the restructuring itself, as well as subsequent payment defaults, if any, are considered in determining obligor ratings.

The historical loss rate is adjusted, where appropriate, to reflect current factors, such as general economic and business conditions affecting the key lending areas of the MHFG Group, credit quality trends, specific industry conditions within portfolio segments, and recent loss experience in particular segments of the portfolio. 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.

Allowance and provision (credit) for losses on off-balance-sheet instruments

The MHFG Group maintains an allowance for losses on off-balance-sheet credit instruments, such as guarantees, standby letters of credit, commitments to invest in securities and commitments to extend credit, in the same manner as the allowance for loan losses. The allowance is recorded in Other liabilities. Net changes in the allowance for losses on off-balance-sheet instruments are accounted for in Provision (credit) for losses on off-balance-sheet instruments in the consolidated statements of income.

Premises and equipment

Premises and equipment are stated at historical cost, and depreciation and amortization are recorded over the estimated useful lives of the assets, except for leasehold improvements, which are amortized over the shorter of the estimated useful lives of the assets or the lease term. Depreciation and amortization are principally computed in accordance with the straight-line method with respect to buildings and leasehold improvements and in accordance with the declining-balance method with respect to other premises and equipment.

The useful lives of premises and equipment are as follows:

	<u>Years</u>
Buildings	3 to 50
Equipment and furniture	2 to 20
Leasehold improvements	3 to 50

Regular repairs and maintenance costs that do not extend the estimated useful life of an asset are charged to expense as incurred. Upon sale or disposition of premises and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts, and any gains or losses on disposal are included in Gains on disposal of premises and equipment or Occupancy expenses.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Impairment of long-lived assets

The MHFG Group's long-lived assets that are held for use are reviewed periodically for events or changes in circumstances that indicate possible impairment. The Group's impairment review is based on an undiscounted cash flow analysis of a group of assets, combined with associated liabilities, at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset group exceeds the future undiscounted cash flows that the asset group is expected to generate. When impairment is identified, the future cash flows are then discounted to determine the estimated fair value of the asset group and an impairment charge is recorded for the difference between the carrying value and the estimated fair value of the asset group. The long-lived assets to be disposed of by sale are carried at the lower of the carrying amount or fair value, less estimated cost to sell.

Software

Internal and external costs incurred in connection with developing and obtaining software for internal use that occur during the application development stage are capitalized. Such costs include salaries and benefits for employees directly involved with and who devote time to the project, to the extent such time is incurred directly on the internal use software project. The capitalization of software ceases when the software project has been substantially completed. The capitalized software is amortized on a straight-line basis over the estimated useful life, generally 5 to 10 years. Internal use software is reviewed for impairment when triggering events occur.

Goodwill

Goodwill represents the excess of the total fair value of the acquired company, which consists of the consideration transferred, the fair value of any interest in the acquiree already held by the acquirer and the fair value of any noncontrolling interest in the acquiree over the fair value of net identifiable assets acquired at the date of acquisition in a business combination. The MHFG Group accounts for goodwill in accordance with ASC 350, "Intangibles—Goodwill and Other" ("ASC 350"). Goodwill is recorded at a designated reporting unit level for the purpose of assessing impairment. An impairment loss is recorded to the extent the carrying amount of goodwill exceeds its estimated fair value.

Intangible assets

Intangible assets having definite useful lives are amortized over their estimated useful lives on either a straight-line basis or the method that reflects the pattern in which the economic benefits of the intangible assets are consumed. Intangible assets acquired in connection with the merger of MHSC and Shinko Securities Co., Ltd. ("Shinko") consist primarily of customer relationship intangibles, and are amortized over a weighted-average amortization period of 16 years. Intangible assets having indefinite useful lives are not amortized and are subject to impairment tests. An impairment loss is recorded to the extent that the carrying amount of the indefinite-lived intangible asset exceeds its estimated fair value. For intangible assets subject to amortization, an impairment loss is recorded if the carrying amount is not recoverable and exceeds its estimated fair value.

Pension and other employee benefits

MHFG and certain subsidiaries sponsor severance indemnities and pension plans, which provide defined benefits to retired employees. Periodic expense and accrued liabilities are computed based on the actuarial present value of benefits, net of investment returns expected from plan assets and their fair values at the balance sheet date. Net periodic expense is charged to Salaries and employee benefits. Net actuarial gains and losses that arise from

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differences between actual experience and assumptions are generally amortized over the average remaining service period of participating employees if it exceeds the corridor, which is defined as the greater of 10% of plan assets or the projected benefit obligation.

Stock-based compensation

The compensation cost associated with stock compensation-type stock options is measured at fair value using the Black-Scholes option pricing model.

Long-term debt

Premiums, discounts and issuance costs of long-term debt are amortized based on a method that approximates the interest method over the respective terms of the long-term debt.

Obligations under guarantees

The MHFG Group provides customers with a variety of guarantees and similar arrangements, including standby letters of credit, financial and performance guarantees, credit protection, and liquidity facilities. The MHFG Group recognizes guarantee fee income over the guarantee period. The MHFG Group receives such a guarantee fee at the inception of the guarantee or in installments and, in either case, the present value of the total fees approximates the fair value of the guarantee.

Fair Value Measurements

The MHFG Group carries certain of its financial assets and liabilities at fair value on a recurring basis. These financial assets and liabilities are primarily composed of trading account assets, trading account liabilities and available-for-sale securities. In addition, the Group measures certain financial assets and liabilities, at fair value on a non-recurring basis. Those assets and liabilities primarily include items that are measured at the lower of cost or fair value such as loans held for sale, and items that were initially measured at cost and have been written down to fair value due to impairments, such as loans and other investments.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASC 820, "Fair Value Measurement" ("ASC 820"), the Group classifies its financial assets and liabilities into the fair value hierarchy (Level 1, 2, and 3). See Note 27 "Fair value" for the detailed definition of each level.

When determining fair value, the MHFG Group considers the principal or most advantageous market in which the Group would transact and considers assumptions that market participants would use when pricing the asset or liability. The Group maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. See Note 27 "Fair value" for descriptions of valuation methodologies used for its assets and liabilities by product.

Fee and commission income

Fee revenue is recognized when all of the following criteria have been met: persuasive evidence of an agreement exists, services have been rendered, the price is fixed or determinable, and collectibility is reasonably assured. Fees in respect of securities-related business and fees on funds transfer and collection services are generally recognized as revenue when the related services are performed. Fees on credit-related business, excluding loan

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origination fees to be deferred and recognized over the loan period as a yield adjustment, are generally recognized either at one time when the service is rendered or over the related transaction period. Fee and commission income is presented on a gross basis and exclusive of consumption taxes.

Income taxes

Income taxes are accounted for in accordance with ASC 740, “Income Taxes” (“ASC 740”). 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 corresponding amounts used for income tax purposes, and (2) operating loss and tax credit carryforwards. A valuation allowance is recorded for any portion of the deferred tax assets unless it is more likely than not that the deferred tax assets will be realized. Deferred income tax benefit or expense is recognized for the changes in the net deferred tax asset or liability between periods.

Earnings per common share

Basic earnings per common share are computed by dividing net income attributable to MHFG common shareholders by the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per common share reflect the possible exercise of all convertible securities, such as convertible preferred stock to the extent they are not anti-dilutive. See Note 18 “Earnings per common share” for the computation of basic and diluted earnings per common share.

2. Recently issued accounting pronouncements

Recently adopted accounting pronouncements

In April 2011, the FASB issued Accounting Standards Update (“ASU”) No.2011-03, “Transfers and Servicing (Topic 860)—Reconsideration of Effective Control for Repurchase Agreements” (“ASU No.2011-03”). The ASU amends the conditions to determine whether a transferor in repurchase agreements (repos) and other similar agreements maintains effective control over the financial assets transferred by removing from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The ASU is effective for the first interim or annual period beginning on or after December 15, 2011, and should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. The adoption of ASU No.2011-03 did not have a material impact on the MHFG Group’s consolidated results of operations or financial condition.

In May 2011, the FASB issued ASU No. 2011-04, “Fair Value Measurement (Topic 820)—Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs” (“ASU No.2011-04”) in order to improve comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards (“IFRS”). The amendments in ASU No. 2011-04 change the wording to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to be aligned with IFRS. The amendments also clarify the existing fair value measurement and disclosure requirements, which include (1) application of the highest and best use and valuation premise concepts, (2) measuring the fair value of an instrument classified in a reporting entity’s shareholders’ equity and (3) disclosing quantitative information about the unobservable inputs used for Level 3 items. The amendments also change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements, which include (1) measuring the fair value of financial instruments that are managed within a portfolio, (2) application of premiums and discounts in a fair value measurement and (3) additional disclosures about fair value

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measurements. The ASU is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU No.2011-04 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In June 2011, the FASB issued ASU No.2011-05, "Comprehensive Income (Topic 220)—Presentation of Comprehensive Income" ("ASU No.2011-05"). The ASU eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, and requires that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The ASU also requires reclassification adjustments from other comprehensive income to net income be presented on the face of financial statements. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively. In December 2011, the FASB issued ASU No.2011-12, "Comprehensive Income (Topic 220)—Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No.2011-05" ("ASU No.2011-12") to indefinitely defer only those changes in ASU No.2011-05 that relate to the presentation of reclassification adjustments. All other requirements in ASU No.2011-05 are not affected, and entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before ASU No.2011-05. ASU No.2011-05 is an accounting principle which alters disclosure requirements, and had no impact on the MHFG Group's consolidated results of operations or financial condition.

In September 2011, the FASB issued ASU No.2011-08, "Intangibles—Goodwill and Other (Topic 350)—Testing Goodwill for Impairment" ("ASU No.2011-08"). The ASU permits an entity the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Under this ASU, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of ASU No.2011-08 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In December 2011, the FASB issued ASU No.2011-10, "Property, Plant, and Equipment (Topic 360)—Derecognition of in Substance Real Estate—a Scope Clarification" ("ASU No.2011-10"). The ASU clarifies that, even when a reporting entity ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt, the reporting entity would continue to include the real estate, debt, and the results of the subsidiary's operations in its consolidated financial statements until legal title to the real estate is transferred to legally satisfy the debt. The ASU is effective for fiscal years and interim periods within those years, beginning on or after June 15, 2012. The adoption of ASU No.2011-10 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In December 2011, the FASB issued ASU No.2011-11, "Balance Sheet (Topic 210)—Disclosures about Offsetting Assets and Liabilities" ("ASU No.2011-11"). The ASU enhances disclosures by requiring improved information about financial instruments and derivative instruments that are either (1) offset on the statement of financial position or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the statement of financial position. Under the ASU, entities are required to provide both net and gross information for these financial instruments and derivative instruments in order to enhance comparability between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. The ASU is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. An entity should

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provide the disclosures required retrospectively for all comparative periods presented. In January 2013, the FASB issued ASU No.2013-01, “Balance Sheet (Topic 210)—Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities” (“ASU No.2013-01”). ASU No.2013-01 clarifies that the scope of ASU No.2011-11 applies to derivatives including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions. ASU No.2011-11 is an accounting principle which expands disclosure requirements, and had no impact on the MHFG Group’s consolidated results of operations or financial condition.

In July 2012, the FASB issued ASU No.2012-02, “Intangibles—Goodwill and Other (Topic 350)—Testing Indefinite-Lived Intangible Assets for Impairment” (“ASU No.2012-02”). The ASU permits an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. Under this ASU, an entity has an option not to calculate annually the fair value of an indefinite-lived intangible asset if the entity determines that it is not more likely than not that its fair value is less than its carrying amount. The ASU is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of ASU No.2012-02 did not have a material impact on the MHFG Group’s consolidated results of operations or financial condition.

In February 2013, the FASB issued ASU No.2013-02, “Comprehensive Income (Topic 220)—Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (“ASU No.2013-02”). The ASU requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The ASU also requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. The ASU is effective for reporting periods beginning after December 15, 2012. ASU No.2013-02 is an accounting principle which expands disclosure requirements, and had no impact on the MHFG Group’s consolidated results of operations or financial condition.

In June 2013, the FASB issued ASU No.2013-08, “Financial Services—Investment Companies (Topic 946)—Amendments to the Scope, Measurement, and Disclosure Requirements” (“ASU No.2013-08”). The ASU changes the approach to the investment company assessment and requires an investment company to measure noncontrolling ownership interests in other investment companies at fair value. The ASU also requires additional disclosures of (a) the fact that the entity is an investment company and is applying the guidance in ASC 946, “Financial Services—Investment Companies” (“ASC 946”), (b) information about changes, if any, in an entity’s status as an investment company, and (c) information about financial support provided or contractually required to be provided by an investment company to any of its investees. The ASU is effective for an entity’s interim and annual reporting periods in fiscal years that begin after December 15, 2013. The adoption of ASU No.2013-08 did not have a material impact on the MHFG Group’s consolidated results of operations or financial condition.

Accounting pronouncements issued but not yet effective

In May 2014, the FASB issued ASU No.2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU No.2014-09”). The ASU provides a comprehensive guidance of revenue recognition, in convergence with IFRS, to improve financial reporting in U.S. GAAP by replacing the current complex guidance for recognizing revenue. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the

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contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In order to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, an entity should disclose the following quantitative and qualitative information: (1) contracts with customers—including revenue and impairments recognized, disaggregation of revenue, and information about contract balances and performance obligations, (2) significant judgments and changes in judgments—determining the timing of satisfaction of performance obligations, and determining the transaction price and amounts allocated to performance obligations, and (3) assets recognized from the costs to obtain or fulfill a contract. The ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2016. Early application is not permitted. The MHFG Group is currently evaluating the potential impact that the adoption of ASU No.2014-09 will have on its consolidated results of operations and financial condition.

In June 2014, the FASB issued ASU No.2014-11, “Transfers and Servicing (Topic 860)—Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures” (“ASU No.2014-11”). The ASU changes the accounting for repurchase-to-maturity transactions to secured borrowing accounting. For repurchase financing arrangements, the ASU requires separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for the repurchase agreement. The ASU requires disclosures for certain transactions comprising (1) a transfer of a financial asset accounted for as a sale and (2) an agreement with the same transferee entered into in contemplation of the initial transfer that results in the transferor retaining substantially all of the exposure to the economic return on the transferred financial asset throughout the term of the transaction. The ASU also requires an entity to disclose certain information, including risks related to collateral pledged, for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions that are accounted for as secured borrowings. The ASU is effective for the first interim or annual period beginning after December 15, 2014, except for interim disclosure requirements related to secured borrowings, which are effective for interim periods beginning after March 15, 2015. Earlier application is prohibited. The MHFG Group does not expect that the adoption of ASU No.2014-11 will have a material impact on its consolidated results of operations or financial condition.

In November 2014, the FASB issued ASU No.2014-16, “Derivatives and Hedging (Topic 815)—Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity” (“ASU No.2014-16”). The ASU clarifies that an entity that issues or invests in a hybrid financial instrument should determine the nature of the host contract by considering the economic characteristics and risks of the entire hybrid financial instrument, including the embedded derivative feature that is being evaluated for bifurcation. The ASU also clarifies that an entity should assess the substance of the relevant terms and features in evaluating the nature of a host contract when considering how to weight those terms and features. Specifically, the assessment of the substance of the relevant terms and features should incorporate a consideration of (1) the characteristics of the terms and features themselves, (2) the circumstances under which the hybrid financial instrument was issued or acquired, and (3) the potential outcomes of the hybrid financial instrument, as well as the likelihood of those potential outcomes. The ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The MHFG Group is currently evaluating the potential impact that the adoption of ASU No.2014-16 will have on its consolidated results of operations and financial condition.

In February 2015, the FASB issued ASU No.2015-02, “Consolidation (Topic 810)—Amendments to the Consolidation Analysis” (“ASU No.2015-02”). The ASU amends following provisions about the current accounting for consolidation of certain legal entities: (1) modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, (2) eliminate the presumption that a general partner

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should consolidate a limited partnership, (3) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships, and (4) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015, and may be applied retrospectively or applied using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. Early adoption is permitted including adoption in an interim period. The MHFG Group is currently evaluating the potential impact that the adoption of ASU No.2015-02 will have on its consolidated results of operations and financial condition.

In May 2015, the FASB issued ASU No.2015-07, “Fair Value Measurement (Topic 820)—Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)” (“ASU No.2015-07”). The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, and should be applied retrospectively to all periods presented. Earlier application is permitted. The MHFG Group does not expect that the adoption of ASU No.2015-07 will have a material impact on its consolidated results of operations or financial condition.

3. Investments

Available-for-sale and held-to-maturity securities

The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale and held-to-maturity securities at March 31, 2014 and 2015 are as follows:

	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
	(in millions of yen)			
2014				
Available-for-sale securities:				
Debt securities:				
Japanese government bonds	22,039,640	20,063	3,727	22,055,976
Japanese local government bonds	241,985	2,783	106	244,662
U.S. Treasury bonds and federal agency securities	158,344	434	4,297	154,481
Other foreign government bonds	719,281	2,356	455	721,182
Agency mortgage-backed securities ⁽¹⁾	955,291	13,288	7,705	960,874
Residential mortgage-backed securities	318,955	14,757	1,707	332,005
Commercial mortgage-backed securities	159,289	3,032	1,417	160,904
Japanese corporate bonds and other debt securities ⁽²⁾	2,015,045	16,316	3,284	2,028,077
Foreign corporate bonds and other debt securities ⁽³⁾	559,947	10,755	2,193	568,509
Equity securities (marketable)	<u>1,667,669</u>	<u>1,761,025</u>	<u>6,603</u>	<u>3,422,091</u>
Total	<u>28,835,446</u>	<u>1,844,809</u>	<u>31,494</u>	<u>30,648,761</u>
Held-to-maturity securities:				
Debt securities:				
Japanese government bonds	<u>4,040,083</u>	<u>17,954</u>	<u>220</u>	<u>4,057,817</u>
Total	<u>4,040,083</u>	<u>17,954</u>	<u>220</u>	<u>4,057,817</u>

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	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
	(in millions of yen)			
2015				
Available-for-sale securities:				
Debt securities:				
Japanese government bonds	17,391,144	25,110	2,587	17,413,667
Japanese local government bonds	234,421	4,183	16	238,588
U.S. Treasury bonds and federal agency securities	116,408	1,259	454	117,213
Other foreign government bonds	961,684	4,437	237	965,884
Agency mortgage-backed securities ⁽¹⁾	806,877	17,280	2,427	821,730
Residential mortgage-backed securities	260,456	4,426	1,408	263,474
Commercial mortgage-backed securities	169,342	889	961	169,270
Japanese corporate bonds and other debt securities ⁽²⁾	1,930,054	13,366	1,496	1,941,924
Foreign corporate bonds and other debt securities ⁽³⁾	730,910	12,026	1,133	741,803
Equity securities (marketable)	<u>1,697,628</u>	<u>2,700,714</u>	<u>1,185</u>	<u>4,397,157</u>
Total	<u>24,298,924</u>	<u>2,783,690</u>	<u>11,904</u>	<u>27,070,710</u>
Held-to-maturity securities:				
Debt securities:				
Japanese government bonds	4,360,126	29,001	173	4,388,954
Agency mortgage-backed securities ⁽⁴⁾	<u>1,287,215</u>	<u>2,259</u>	<u>621</u>	<u>1,288,853</u>
Total	<u>5,647,341</u>	<u>31,260</u>	<u>794</u>	<u>5,677,807</u>

Notes:

- (1) Agency mortgage-backed securities presented in the above table consist of U.S. agency securities and Japanese agency securities, of which the fair values were ¥105,553 million and ¥855,321 million, respectively, at March 31, 2014, and ¥87,327 million and ¥734,403 million, respectively, at March 31, 2015. U.S. agency securities primarily consist of Government National Mortgage Association (“Ginnie Mae”) securities, which are guaranteed by the United States government. All Japanese agency securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.
- (2) Other debt securities presented in the above table primarily consist of certificates of deposit (“CDs”) and asset-backed securities (“ABS”), of which the total fair values were ¥214,488 million at March 31, 2014, and ¥165,602 million at March 31, 2015.
- (3) Other debt securities presented in the above table primarily consist of CDs, ABS, and collateral loan obligations (“CLO”), of which the total fair values were ¥178,055 million at March 31, 2014, and ¥142,543 million at March 31, 2015.
- (4) All Agency mortgage-backed securities presented in the above table at March 31, 2015 are Ginnie Mae securities.

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Contractual maturities

The amortized cost and fair value of available-for-sale and held-to-maturity debt securities at March 31, 2015 by contractual maturity are shown in the table below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Securities not due at a single maturity date and securities embedded with call or prepayment options, such as mortgage-backed securities, are included in the table below based on their contractual maturities.

Amortized cost	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
	(in millions of yen)				
Available-for-sale securities:					
Debt securities:					
Japanese government bonds	3,620,827	12,346,989	1,423,328	—	17,391,144
Japanese local government bonds	36,287	104,530	92,871	733	234,421
U.S. Treasury bonds and federal agency securities	4,821	12,058	61,175	38,354	116,408
Other foreign government bonds	724,143	221,884	14,483	1,174	961,684
Agency mortgage-backed securities	—	—	—	806,877	806,877
Residential mortgage-backed securities	—	—	—	260,456	260,456
Commercial mortgage-backed securities	10,278	151,589	7,475	—	169,342
Japanese corporate bonds and other debt securities	398,879	1,138,152	305,938	87,085	1,930,054
Foreign corporate bonds and other debt securities	279,101	372,138	77,863	1,808	730,910
Total	<u>5,074,336</u>	<u>14,347,340</u>	<u>1,983,133</u>	<u>1,196,487</u>	<u>22,601,296</u>
Held-to-maturity securities:					
Debt securities:					
Japanese government bonds	600,031	3,280,267	479,828	—	4,360,126
Agency mortgage-backed securities	—	—	—	1,287,215	1,287,215
Total	<u>600,031</u>	<u>3,280,267</u>	<u>479,828</u>	<u>1,287,215</u>	<u>5,647,341</u>
Fair value	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
	(in millions of yen)				
Available-for-sale securities:					
Debt securities:					
Japanese government bonds	3,621,356	12,354,364	1,437,947	—	17,413,667
Japanese local government bonds	36,320	105,339	96,074	855	238,588
U.S. Treasury bonds and federal agency securities	4,821	12,069	61,529	38,794	117,213
Other foreign government bonds	725,188	224,248	15,332	1,116	965,884
Agency mortgage-backed securities	—	—	—	821,730	821,730
Residential mortgage-backed securities	—	—	—	263,474	263,474
Commercial mortgage-backed securities	10,544	151,185	7,541	—	169,270
Japanese corporate bonds and other debt securities	399,216	1,142,602	309,333	90,773	1,941,924
Foreign corporate bonds and other debt securities	279,934	379,193	80,837	1,839	741,803
Total	<u>5,077,379</u>	<u>14,369,000</u>	<u>2,008,593</u>	<u>1,218,581</u>	<u>22,673,553</u>
Held-to-maturity securities:					
Debt securities:					
Japanese government bonds	601,618	3,292,875	494,461	—	4,388,954
Agency mortgage-backed securities	—	—	—	1,288,853	1,288,853
Total	<u>601,618</u>	<u>3,292,875</u>	<u>494,461</u>	<u>1,288,853</u>	<u>5,677,807</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other-than-temporary impairment

The MHFG Group performs periodic reviews to identify impaired securities in accordance with ASC 320, “Investments—Debt and Equity Securities” (“ASC 320”). For debt securities, in the cases where the MHFG Group has the intent to sell a debt security or more likely than not will be required to sell a debt security before the recovery of its amortized cost basis, the full amount of an other-than-temporary impairment loss is recognized immediately through earnings. In other cases, the MHFG Group evaluates expected cash flows to be received and determines if a credit loss exists, and if so, the amount of an other-than-temporary impairment related to the credit loss is recognized in earnings, while the remaining decline in fair value is recognized in other comprehensive income, net of applicable taxes. For equity securities, impairment is evaluated considering the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer, as well as the MHFG Group’s ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value. If an equity security is deemed other-than-temporarily impaired, it shall be written down to fair value, with the full decline recognized in earnings.

The following table shows the other-than-temporary impairment on available-for-sale securities for the fiscal years ended March 31, 2013, 2014 and 2015. No impairment losses were recognized on held-to-maturity securities for the periods.

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Available-for-sale securities:			
Debt securities	4,085	1,151	450
Equity securities	72,308	4,193	618
Total	<u>76,393</u>	<u>5,344</u>	<u>1,068</u>

For the fiscal year ended March 31, 2015, the other-than-temporary impairment losses for debt securities were mainly attributable to the decline in the fair value of commercial mortgage-backed securities (“CMBS”) that the MHFG Group had the intent to sell. In accordance with ASC 320-10-35-33A and ASC 320-10-35-34B, the other-than-temporary impairment of these securities was recognized in earnings. There has never been any instance related to credit losses recognized in earnings on debt securities where a portion of an other-than-temporary impairment was recognized in other comprehensive income.

The other-than-temporary impairment losses for equity securities were mainly attributable to the decline in the fair value of certain investment funds.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Continuous unrealized loss position

The following table shows the gross unrealized losses and fair value of available-for-sale and held-to-maturity securities, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2014 and 2015:

	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
(in millions of yen)						
2014						
Available-for-sale securities:						
Debt securities:						
Japanese government bonds	10,526,182	2,871	880,520	856	11,406,702	3,727
Japanese local government bonds	48,471	90	12,730	16	61,201	106
U.S. Treasury bonds and federal agency securities	66,865	2,865	38,432	1,432	105,297	4,297
Other foreign government bonds	203,026	275	7,654	180	210,680	455
Agency mortgage-backed securities ⁽¹⁾	102,904	2,348	76,369	5,357	179,273	7,705
Residential mortgage-backed securities	9,771	137	78,938	1,570	88,709	1,707
Commercial mortgage-backed securities	11,133	117	43,170	1,300	54,303	1,417
Japanese corporate bonds and other debt securities	130,020	359	60,230	2,925	190,250	3,284
Foreign corporate bonds and other debt securities	122,563	1,846	33,960	347	156,523	2,193
Equity securities (marketable)	132,590	6,603	10	—	132,600	6,603
Total	<u>11,353,525</u>	<u>17,511</u>	<u>1,232,013</u>	<u>13,983</u>	<u>12,585,538</u>	<u>31,494</u>
Held-to-maturity securities:						
Debt securities:						
Japanese government bonds	9,962	40	199,670	180	209,632	220
Total	<u>9,962</u>	<u>40</u>	<u>199,670</u>	<u>180</u>	<u>209,632</u>	<u>220</u>
2015						
Available-for-sale securities:						
Debt securities:						
Japanese government bonds	5,646,840	1,739	211,512	848	5,858,352	2,587
Japanese local government bonds	3,579	8	11,944	8	15,523	16
U.S. Treasury bonds and federal agency securities	45,858	454	—	—	45,858	454
Other foreign government bonds	127,535	204	10,421	33	137,956	237
Agency mortgage-backed securities ⁽¹⁾	7,968	47	86,973	2,380	94,941	2,427
Residential mortgage-backed securities	—	—	51,897	1,408	51,897	1,408
Commercial mortgage-backed securities	23,468	394	19,238	567	42,706	961
Japanese corporate bonds and other debt securities	270,877	478	54,615	1,018	325,492	1,496
Foreign corporate bonds and other debt securities	11,496	29	60,491	1,104	71,987	1,133
Equity securities (marketable)	11,325	1,156	150	29	11,475	1,185
Total	<u>6,148,946</u>	<u>4,509</u>	<u>507,241</u>	<u>7,395</u>	<u>6,656,187</u>	<u>11,904</u>
Held-to-maturity securities:						
Debt securities:						
Japanese government bonds	99,738	173	—	—	99,738	173
Agency mortgage-backed securities ⁽²⁾	355,560	621	—	—	355,560	621
Total	<u>455,298</u>	<u>794</u>	<u>—</u>	<u>—</u>	<u>455,298</u>	<u>794</u>

Notes:

- (1) Agency mortgage-backed securities presented in the above table consist of U.S. agency securities and Japanese agency securities, of which the fair values were ¥105,208 million and ¥74,065 million, respectively, at March 31, 2014, and ¥86,973 million and ¥7,968 million, respectively, at March 31, 2015. U.S. agency securities primarily consist of Ginnie Mae securities, which are guaranteed by the United States government. All Japanese agency securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.
- (2) All Agency mortgage-backed securities presented in the above table at March 31, 2015 are Ginnie Mae securities.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

At March 31, 2015, the MHFG Group did not intend to sell the debt securities in an unrealized loss position and it was not more likely than not that the MHFG Group would be required to sell them before the recovery of their amortized cost bases. For Japanese government bonds, U.S. Treasury bonds and federal agency securities and Agency mortgage-backed securities, their entire amortized cost bases were expected to be collected since the unrealized losses had not resulted from credit deterioration, but primarily from changes in interest rates. For the debt securities other than those described above, including CMBS with similar credit risks as the other-than-temporarily impaired securities, the MHFG Group determined that it was expected to recover their entire amortized cost bases, after considering various factors such as the extent to which their fair values were below their amortized cost bases, the external and/or internal ratings and the present values of cash flows expected to be collected. Based on the evaluation above, the MHFG Group determined that the debt securities in an unrealized loss position were not considered other-than-temporarily impaired.

The equity securities in an unrealized loss position were determined not to be other-than-temporarily impaired based on the evaluation of the following factors: (1) the severity and duration of the impairments, (2) the financial condition and near-term prospects of the issuers, and (3) the MHFG Group's ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value.

Realized gains and losses

The following table shows the realized gains and losses on sales of available-for-sale securities for the fiscal years ended March 31, 2013, 2014 and 2015. See "Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2013, 2014 and 2015" for the proceeds from sales of investments, the vast majority of which consists of the proceeds from sales of available-for-sale securities.

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Gross realized gains	193,298	231,955	220,250
Gross realized losses	(21,422)	(29,387)	(14,670)
Net realized gains (losses) on sales of available-for-sale securities	<u>171,876</u>	<u>202,568</u>	<u>205,580</u>

Other investments

The following table summarizes the composition of Other investments at March 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Equity method investments	196,015	194,188
Investments held by consolidated investment companies	70,599	53,061
Other equity interests	<u>526,075</u>	<u>450,438</u>
Total	<u>792,689</u>	<u>697,687</u>

Equity method investments

Investments in investees over which the MHFG Group has the ability to exert significant influence are accounted for using the equity method of accounting. Such investments included marketable equity securities with carrying values of ¥78,458 million and ¥84,183 million, at March 31, 2014 and 2015, respectively. The aggregate market values of these marketable equity securities were ¥96,471 million and ¥121,198 million, respectively.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The MHFG Group's proportionate share of the total outstanding common shares in Orient Corporation ("Orico") as of March 31, 2015 was 21.5% and the MHFG Group and a certain third party still hold convertible preferred shares of Orico, and if fully converted, the MHFG Group's proportionate share of the total outstanding common shares in Orico would increase to 58.0%.

Investments held by consolidated investment companies

The MHFG Group consolidates certain investment companies over which it has control through either ownership or other means. Investment companies are subject to specialized industry accounting which requires investments to be carried at fair value, with changes in fair value recorded in earnings. The MHFG Group maintains this specialized industry accounting for investments held by consolidated investment companies, which consist of marketable and non-marketable investments.

Other equity interests

Other equity interests consist primarily of non-marketable equity securities outside the scope of ASC 320, of which the fair values are not readily determinable. The MHFG Group has neither significant influence nor control over the investees. Each of these securities is stated at acquisition cost, with an other-than-temporary impairment, if any, included in earnings. The MHFG Group monitors the status of each investee, including its credit rating, to determine whether impairment losses should be recognized.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. Loans

The table below presents loans outstanding by domicile and industry of borrower at March 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Domestic:		
Manufacturing	8,025,932	8,224,361
Construction and real estate	7,204,594	7,353,826
Services	3,956,742	4,272,968
Wholesale and retail	5,350,707	5,586,533
Transportation and communications	3,247,394	3,156,855
Banks and other financial institutions	3,460,147	3,852,820
Government and public institutions	6,734,451	4,611,900
Other industries ^(Note)	4,983,821	5,079,922
Individuals:		
Mortgage loans	11,187,206	11,021,956
Other	787,313	848,750
Total domestic	<u>54,938,307</u>	<u>54,009,891</u>
Foreign:		
Commercial and industrial	12,937,005	16,688,090
Banks and other financial institutions	4,610,141	6,077,144
Government and public institutions	883,004	1,010,704
Other ^(Note)	255,083	425,862
Total foreign	<u>18,685,233</u>	<u>24,201,800</u>
Total	<u>73,623,540</u>	<u>78,211,691</u>
Less: Unearned income and deferred loan fees—net	138,586	163,415
Total loans before allowance for loan losses	<u><u>73,484,954</u></u>	<u><u>78,048,276</u></u>

Note: Other industries of domestic and Other of foreign include trade receivables and lease receivables of consolidated VIEs.

Net losses on sales of loans were ¥853 million, ¥2,041 million and ¥33,291 million, including unrealized losses related to recording loans held for sale at the lower of cost or fair value of ¥54 million, ¥1,510 million and ¥34,262 million for the fiscal years ended March 31, 2013, 2014 and 2015, respectively.

Credit quality information

In accordance with the MHFG Group's credit risk management policies, the Group uses an internal rating system that consists of credit ratings and pool allocations as the basis of its 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 loans 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 groups of small balance, homogeneous loans. The Group pools loans with similar risk characteristics, and the risk is assessed and managed according to such pools. The Group generally reviews the appropriateness and effectiveness of the approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The table below presents the MHFG Group’s definition of obligor ratings used by MHBK and MHTB:

<u>Obligor category</u>	<u>Obligor rating</u>	<u>Definition</u>
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	E1	Obligors that require observation going forward because of either minor concerns regarding their financial position, or their 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.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The table below presents credit quality information of loans based on the MHFG Group's internal rating system at March 31, 2014 and 2015:

	Normal obligors				Watch obligors excluding special attention obligors ⁽¹⁾			Impaired loans	Total
	A-B	C-D	Retail ⁽²⁾	Other ⁽³⁾	E1-E2	Retail ⁽²⁾	Other ⁽³⁾		
(in millions of yen)									
2014									
Domestic:									
Manufacturing	4,248,490	2,467,326	109,258	310,703	636,348	21,117	3,820	228,870	8,025,932
Construction and real estate	2,890,563	3,066,852	623,385	161,177	303,746	20,577	381	137,913	7,204,594
Services	1,946,764	1,558,609	205,939	6,998	135,030	24,958	—	78,444	3,956,742
Wholesale and retail	2,029,723	2,632,048	249,304	63,116	178,520	42,086	10	155,900	5,350,707
Transportation and communications	2,388,541	658,680	88,911	1,348	50,667	11,159	—	48,088	3,247,394
Banks and other financial institutions	2,602,545	664,843	2,030	4,780	174,328	165	—	11,456	3,460,147
Government and public institutions	6,678,104	8,347	—	48,000	—	—	—	—	6,734,451
Other industries	1,907,714	754,137	3,383	2,240,879	7,804	401	68,642	861	4,983,821
Individuals	—	197,725	11,266,620	169,655	40,606	101,718	2,823	195,372	11,974,519
Total domestic	24,692,444	12,008,567	12,548,830	3,006,656	1,527,049	222,181	75,676	856,904	54,938,307
Foreign:									
Total foreign	10,600,531	4,349,587	6,621	2,782,476	513,610	14	144,238	288,156	18,685,233
Total	35,292,975	16,358,154	12,555,451	5,789,132	2,040,659	222,195	219,914	1,145,060	73,623,540
2015									
Domestic:									
Manufacturing	4,663,535	2,607,651	109,615	198,621	147,978	16,424	1,019	479,518	8,224,361
Construction and real estate	3,331,659	2,943,178	600,856	165,660	192,124	18,478	562	101,309	7,353,826
Services	2,298,532	1,566,359	201,354	4,150	109,677	22,273	—	70,623	4,272,968
Wholesale and retail	2,261,669	2,695,642	237,050	53,691	148,722	39,189	65	150,505	5,586,533
Transportation and communications	2,310,918	674,273	89,258	422	36,383	10,029	—	35,572	3,156,855
Banks and other financial institutions	2,986,436	830,410	2,360	4,169	23,881	129	—	5,435	3,852,820
Government and public institutions	4,505,893	6,007	—	100,000	—	—	—	—	4,611,900
Other industries	2,018,620	706,882	3,326	2,290,419	10,476	406	49,213	580	5,079,922
Individuals	—	243,904	11,212,723	133,530	32,512	102,149	2,484	143,404	11,870,706
Total domestic	24,377,262	12,274,306	12,456,542	2,950,662	701,753	209,077	53,343	986,946	54,009,891
Foreign:									
Total foreign	15,153,557	5,246,343	8,428	3,160,768	344,533	22	100,018	188,131	24,201,800
Total	39,530,819	17,520,649	12,464,970	6,111,430	1,046,286	209,099	153,361	1,175,077	78,211,691

Notes:

- (1) Special attention obligors are watch obligors with debt in TDR or 90 days or more delinquent debt. Loans to such obligors are considered impaired.
- (2) Amounts represent small balance, homogeneous loans which are subject to pool allocations.
- (3) Non-impaired loans held by subsidiaries other than MHBK and MHTB constitute Other, since their portfolio segments are not identical to those of MHBK and MHTB.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Impaired loans

The MHFG Group considers loans to be impaired when it is probable that the Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loans. The Group classifies loans to special attention, intensive control, substantially bankrupt and bankrupt obligors as impaired loans, and all of the Group's impaired loans are designated as nonaccrual loans. The Group does 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. The table below presents impaired loans information at March 31, 2014 and 2015:

	Recorded investment ⁽¹⁾		Total	Unpaid principal balance	Related allowance ⁽³⁾	Average recorded investment	Interest income recognized ⁽⁴⁾
	Requiring an allowance for loan losses	Not requiring an allowance for loan losses ⁽²⁾					
(in millions of yen)							
2014							
Domestic:							
Manufacturing	216,579	12,291	228,870	240,660	74,367	259,889	4,086
Construction and real estate	107,932	29,981	137,913	163,813	30,724	183,437	2,213
Services	66,651	11,793	78,444	88,537	20,199	83,754	1,671
Wholesale and retail	142,886	13,014	155,900	172,641	51,274	161,288	2,795
Transportation and communications ..	44,237	3,851	48,088	54,149	14,691	50,387	939
Banks and other financial institutions ..	11,390	66	11,456	11,480	4,049	12,474	163
Other industries	781	80	861	2,020	108	3,486	19
Individuals	91,715	103,657	195,372	206,341	9,391	215,422	3,714
Total domestic	<u>682,171</u>	<u>174,733</u>	<u>856,904</u>	<u>939,641</u>	<u>204,803</u>	<u>970,137</u>	<u>15,600</u>
Foreign:							
Total foreign	<u>276,292</u>	<u>11,864</u>	<u>288,156</u>	<u>290,161</u>	<u>118,360</u>	<u>291,981</u>	<u>4,750</u>
Total	<u>958,463</u>	<u>186,597</u>	<u>1,145,060</u>	<u>1,229,802</u>	<u>323,163</u>	<u>1,262,118</u>	<u>20,350</u>
2015							
Domestic:							
Manufacturing	469,856	9,662	479,518	487,833	170,864	289,807	9,376
Construction and real estate	77,863	23,446	101,309	119,800	17,479	119,325	1,570
Services	60,606	10,017	70,623	78,470	18,771	77,028	1,449
Wholesale and retail	138,981	11,524	150,505	161,843	54,481	150,525	2,529
Transportation and communications ..	31,568	4,004	35,572	36,858	10,173	47,224	729
Banks and other financial institutions ..	5,373	62	5,435	5,448	2,263	7,487	98
Other industries	478	102	580	766	55	682	11
Individuals	68,337	75,067	143,404	158,344	6,202	173,726	2,553
Total domestic	<u>853,062</u>	<u>133,884</u>	<u>986,946</u>	<u>1,049,362</u>	<u>280,288</u>	<u>865,804</u>	<u>18,315</u>
Foreign:							
Total foreign	<u>171,852</u>	<u>16,279</u>	<u>188,131</u>	<u>204,575</u>	<u>71,943</u>	<u>233,123</u>	<u>3,197</u>
Total	<u>1,024,914</u>	<u>150,163</u>	<u>1,175,077</u>	<u>1,253,937</u>	<u>352,231</u>	<u>1,098,927</u>	<u>21,512</u>

Notes:

- (1) Amounts represent the outstanding balances of nonaccrual loans. The MHFG Group's policy for placing loans in nonaccrual status corresponds to the Group's definition of impaired loans.
- (2) These impaired loans do not require an allowance for loan losses because the MHFG Group has sufficient collateral to cover probable loan losses.
- (3) The allowance for loan losses on impaired loans includes the allowance for groups of small balance, homogeneous loans totaling ¥425,391 million and ¥387,879 million 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.
- (4) Amounts represent gross interest income on impaired loans which were included in Interest income on loans in the consolidated statements of income.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
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The remaining balance of impaired loans which had been partially charged off was ¥24,957 million and ¥25,980 million as of March 31, 2014 and 2015, respectively.

Troubled debt restructurings

The MHFG Group considers a TDR to be a restructuring in which it, for economic or legal reasons related to the obligor's financial difficulties, grants a concession to the obligor that it would not otherwise consider. The Group considers the relevant obligor to be in financial difficulty when its obligor rating is E2 or below. The following table presents TDRs that were made during the fiscal years ended March 31, 2014 and 2015:

	Loan forgiveness or debt to equity swaps		Interest rate reduction and/or Postponement of principal and/or interest
	Recorded investment ⁽¹⁾	Charge-offs ⁽²⁾	
	(in millions of yen)		
2014			
Domestic:			
Manufacturing	235	481	196,705
Construction and real estate	2,528	136	44,573
Services	310	555	57,945
Wholesale and retail	5	149	170,217
Transportation and communications	—	—	34,598
Banks and other financial institutions	—	—	31,901
Other industries	—	—	1,998
Individuals	—	—	47,822
Total domestic	3,078	1,321	585,759
Foreign:			
Total foreign	—	—	60,348
Total	3,078	1,321	646,107
2015			
Domestic:			
Manufacturing	—	1,236	380,149
Construction and real estate	—	—	31,554
Services	—	—	55,592
Wholesale and retail	—	—	153,577
Transportation and communications	—	—	25,452
Banks and other financial institutions	—	—	13,482
Other industries	—	—	2,607
Individuals	—	—	35,271
Total domestic	—	1,236	697,684
Foreign:			
Total foreign	—	503	50,730
Total	—	1,739	748,414

Notes:

- (1) Amounts represent the book values of loans immediately after the restructurings.
- (2) Charge-offs represent the losses recorded in the consolidated statements of income for the fiscal year that resulted from the restructurings.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Payment default is deemed to occur when the loan becomes three months past due or the obligor is downgraded to the category of substantially bankrupt or bankrupt. The following table presents payment defaults which occurred during the fiscal years ended March 31, 2014 and 2015 with respect to the loans modified as TDRs within the previous twelve months:

	Recorded investment	
	2014	2015
	(in millions of yen)	
Domestic:		
Manufacturing	21,144	9,719
Construction and real estate	3,500	1,673
Services	3,707	2,479
Wholesale and retail	21,916	23,979
Transportation and communications	14,069	1,151
Other industries	107	—
Individuals	<u>6,283</u>	<u>4,359</u>
Total domestic	<u>70,726</u>	<u>43,360</u>
Foreign:		
Total foreign	<u>115</u>	<u>8,187</u>
Total	<u><u>70,841</u></u>	<u><u>51,547</u></u>

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Age analysis of past due loans

The table below presents an analysis of the age of the recorded investment in loans that are past due at March 31, 2014 and 2015:

	<u>30-59 days past due</u>	<u>60-89 days past due</u>	<u>90 days or more past due</u>	<u>Total past due</u>	<u>Current</u>	<u>Total</u>
	(in millions of yen)					
2014						
Domestic:						
Manufacturing	2,834	2,193	14,452	19,479	8,006,453	8,025,932
Construction and real estate	5,412	3,440	44,852	53,704	7,150,890	7,204,594
Services	2,185	1,235	10,304	13,724	3,943,018	3,956,742
Wholesale and retail	3,205	4,561	12,180	19,946	5,330,761	5,350,707
Transportation and communications	832	573	3,265	4,670	3,242,724	3,247,394
Banks and other financial institutions	—	1	5	6	3,460,141	3,460,147
Government and public institutions	—	—	—	—	6,734,451	6,734,451
Other industries	9	29	34	72	4,983,749	4,983,821
Individuals	<u>38,466</u>	<u>18,488</u>	<u>56,605</u>	<u>113,559</u>	<u>11,860,960</u>	<u>11,974,519</u>
Total domestic	<u>52,943</u>	<u>30,520</u>	<u>141,697</u>	<u>225,160</u>	<u>54,713,147</u>	<u>54,938,307</u>
Foreign:						
Total foreign	<u>87</u>	<u>23</u>	<u>10,935</u>	<u>11,045</u>	<u>18,674,188</u>	<u>18,685,233</u>
Total	<u>53,030</u>	<u>30,543</u>	<u>152,632</u>	<u>236,205</u>	<u>73,387,335</u>	<u>73,623,540</u>
2015						
Domestic:						
Manufacturing	1,407	179	10,451	12,037	8,212,324	8,224,361
Construction and real estate	2,386	2,360	46,142	50,888	7,302,938	7,353,826
Services	1,628	650	7,626	9,904	4,263,064	4,272,968
Wholesale and retail	3,000	2,250	11,196	16,446	5,570,087	5,586,533
Transportation and communications	169	3,122	2,866	6,157	3,150,698	3,156,855
Banks and other financial institutions	333	—	12	345	3,852,475	3,852,820
Government and public institutions	—	—	—	—	4,611,900	4,611,900
Other industries	—	7	979	986	5,078,936	5,079,922
Individuals	<u>32,060</u>	<u>15,596</u>	<u>46,310</u>	<u>93,966</u>	<u>11,776,740</u>	<u>11,870,706</u>
Total domestic	<u>40,983</u>	<u>24,164</u>	<u>125,582</u>	<u>190,729</u>	<u>53,819,162</u>	<u>54,009,891</u>
Foreign:						
Total foreign	<u>98</u>	<u>47</u>	<u>14,826</u>	<u>14,971</u>	<u>24,186,829</u>	<u>24,201,800</u>
Total	<u>41,081</u>	<u>24,211</u>	<u>140,408</u>	<u>205,700</u>	<u>78,005,991</u>	<u>78,211,691</u>

5. Allowance for loan losses

In accordance with ASC 450, a formula-based allowance utilizing historical loss factors, after adjusted for existing economic conditions where appropriate, is applied to groups of non-homogeneous loans and small balance, homogeneous loans which have not been identified as impaired. At MHBK and MHTB, when management estimates probable credit losses to determine the allowance for loan losses, small balance, homogeneous loans are classified in the retail portfolio segment to which pool allocations apply, and loans other than these classified in the retail portfolio segment are classified in the corporate portfolio segment. The corporate portfolio segment consists of loans originated by MHBK and MHTB, and includes mainly business loans such as those used for working capital and capital expenditure, as well as loans for which the primary source of repayment of the obligation is income generated by the relevant assets such as project finance, asset

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finance and real estate finance. The retail portfolio segment consists mainly of residential mortgage loans, originated by MHBK. The other portfolio segment consists of loans of subsidiaries other than MHBK and MHTB, such as consolidated VIEs and overseas subsidiaries. See Note 1 “Basis of presentation and summary of significant accounting policies” for further details of the methodology used to determine the allowance for loan losses and Note 4 “Loans” for further details of obligor ratings and pool allocations.

Changes in Allowance for loan losses by portfolio segment for the fiscal years ended March 31, 2013, 2014 and 2015 are shown below:

	<u>Corporate</u>	<u>Retail</u> (in millions of yen)	<u>Other</u>	<u>Total</u>
2013				
Balance at beginning of fiscal year	535,475	126,276	20,941	682,692
Provision (credit) for loan losses	137,549	(14,180)	16,578	139,947
Charge-offs	69,845	4,249	20,503	94,597
Less: Recoveries	27,447	1,342	2,911	31,700
Net charge-offs	42,398	2,907	17,592	62,897
Others ^(Note)	11,269	—	1,946	13,215
Balance at end of fiscal year	<u>641,895</u>	<u>109,189</u>	<u>21,873</u>	<u>772,957</u>
2014				
Balance at beginning of fiscal year	641,895	109,189	21,873	772,957
Provision (credit) for loan losses	(128,368)	(12,712)	14,850	(126,230)
Charge-offs	47,927	3,935	13,286	65,148
Less: Recoveries	21,423	3,000	2,112	26,535
Net charge-offs	26,504	935	11,174	38,613
Others ^(Note)	14,326	—	3,737	18,063
Balance at end of fiscal year	<u>501,349</u>	<u>95,542</u>	<u>29,286</u>	<u>626,177</u>
2015				
Balance at beginning of fiscal year	501,349	95,542	29,286	626,177
Provision (credit) for loan losses	(40,167)	(33,261)	13,205	(60,223)
Charge-offs	64,634	3,266	11,322	79,222
Less: Recoveries	19,086	1,454	2,743	23,283
Net charge-offs	45,548	1,812	8,579	55,939
Others ^(Note)	7,543	—	2,701	10,244
Balance at end of fiscal year	<u>423,177</u>	<u>60,469</u>	<u>36,613</u>	<u>520,259</u>

Note: Others includes primarily foreign exchange translation.

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The table below presents Allowance for loan losses and loans outstanding by portfolio segment disaggregated on the basis of impairment method at March 31, 2014 and 2015:

	<u>Corporate</u>	<u>Retail</u>	<u>Other</u>	<u>Total</u>
	(in millions of yen)			
2014				
Allowance for loan losses	501,349	95,542	29,286	626,177
of which individually evaluated for impairment	327,011	11,735	10,562	349,308
of which collectively evaluated for impairment	174,338	83,807	18,724	276,869
Loans ^(Note)	54,651,867	12,922,564	6,049,109	73,623,540
of which individually evaluated for impairment	1,100,938	39,250	54,127	1,194,315
of which collectively evaluated for impairment	53,550,929	12,883,314	5,994,982	72,429,225
2015				
Allowance for loan losses	423,177	60,469	36,613	520,259
of which individually evaluated for impairment	284,247	8,092	15,234	307,573
of which collectively evaluated for impairment	138,930	52,377	21,379	212,686
Loans ^(Note)	59,108,129	12,791,303	6,312,259	78,211,691
of which individually evaluated for impairment	788,343	31,580	49,222	869,145
of which collectively evaluated for impairment	58,319,786	12,759,723	6,263,037	77,342,546

Note: Amounts represent loan balances before deducting unearned income and deferred loan fees.

In the fiscal year ended March 31, 2013, Provision for loan losses increased by ¥162,991 million from the previous fiscal year. The increase was due primarily to an increase in allowance for loan losses as a result of an increase in foreign impaired loans that required an allowance for loan losses and increased estimated losses reflecting changes in the business environment surrounding some domestic obligors, offset in part by the effects of the continuing gradual recovery of the Japanese economy.

In the fiscal year ended March 31, 2014, Provision for loan losses decreased by ¥266,177 million from the previous fiscal year. The decrease 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 non-impaired loans reflecting upgrades in the obligor categories of a broad range of borrowers mainly through credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy.

In the fiscal year ended March 31, 2015, Credit for loan losses decreased by ¥66,007 million from the previous fiscal year. The decrease was due primarily to an increase in allowance for loan losses on impaired loans related to certain domestic borrowers, although the MHFG Group 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.

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6. Premises and equipment

Premises and equipment at March 31, 2014 and 2015 consist of the following:

	<u>2014</u>	<u>2015</u>
	(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	<u>725,287</u>	<u>862,353</u>
Total	2,500,202	2,795,888
Less: Accumulated depreciation and amortization	<u>1,143,608</u>	<u>1,163,403</u>
Premises and equipment—net	<u><u>1,356,594</u></u>	<u><u>1,632,485</u></u>

Depreciation and amortization expense for premises and equipment for the fiscal years ended March 31, 2013, 2014 and 2015 was ¥151,550 million, ¥155,549 million and ¥161,152 million, respectively.

Premises and equipment under capital leases, which is primarily comprised of data processing equipment, amounted to ¥51,681 million and ¥58,783 million at March 31, 2014 and 2015, respectively. Accumulated depreciation and amortization on such premises and equipment at March 31, 2014 and 2015 amounted to ¥28,209 million and ¥33,249 million, respectively.

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7. Goodwill and intangible assets

Goodwill

The changes in Goodwill during the fiscal years ended March 31, 2013, 2014 and 2015 were as follows:

	<u>MHBK</u>	<u>Total</u>
	(in millions of yen)	
2013		
Balance at beginning of fiscal year	5,635	5,635
Goodwill acquired	—	—
Impairment losses recognized	—	—
Foreign exchange translation	512	512
Balance at end of fiscal year	<u>6,147</u>	<u>6,147</u>
Gross amount of goodwill	71,421	71,421
Accumulated impairment losses	65,274	65,274
2014		
Balance at beginning of fiscal year	6,147	6,147
Goodwill acquired ^(Note)	7,719	7,719
Impairment losses recognized	3,792	3,792
Foreign exchange translation	1,475	1,475
Balance at end of fiscal year	<u>11,549</u>	<u>11,549</u>
Gross amount of goodwill	80,615	80,615
Accumulated impairment losses	69,066	69,066
2015		
Balance at beginning of fiscal year	11,549	11,549
Goodwill acquired	—	—
Impairment losses recognized	—	—
Foreign exchange translation	154	154
Balance at end of fiscal year	<u>11,703</u>	<u>11,703</u>
Gross amount of goodwill	81,254	81,254
Accumulated impairment losses	69,551	69,551

Note: Goodwill acquired is entirely related to the acquisition of Banco Mizuho do Brasil S.A.

Due to the prolonged severe business environment for PT. Mizuho Balimor Finance, it was determined that the carrying amount of PT. Mizuho Balimor Finance reporting unit exceeded its fair value, which is based on the income approach, and therefore, a goodwill impairment loss of ¥3,792 million was recognized during the fiscal year ended March 31, 2014.

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Intangible assets

The table below presents the gross carrying amount, accumulated amortization and net carrying amount of intangible assets, at March 31, 2014 and 2015:

	2014			2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(in millions of yen)					
Intangible assets subject to amortization:						
Customer relationships ^(Note)	73,949	24,865	49,084	73,949	30,164	43,785
Other	2,808	2,152	656	2,794	2,188	606
Total	76,757	27,017	49,740	76,743	32,352	44,391
Intangible assets not subject to amortization:						
Total	9,207	—	9,207	9,189	—	9,189
Total	85,964	27,017	58,947	85,932	32,352	53,580

Note: Customer relationships were acquired in connection with the merger of MHSC and Shinko on May 7, 2009. See Note 1 “Basis of presentation and summary of significant accounting policies” for further information.

For the fiscal years ended March 31, 2013, 2014, and 2015, the MHFG Group recognized ¥5,615 million, ¥5,709 million, and ¥5,376 million, respectively, of amortization expense in respect of intangible assets.

The table below presents the estimated aggregate amortization expense in respect of intangible assets for the next five years:

	(in millions of yen)
Fiscal year ending March 31:	
2016	5,058
2017	4,781
2018	4,502
2019	4,264
2020	4,041

8. Pledged assets and collateral

The following amounts, by balance sheet classification, have been pledged as collateral for borrowings and for other purposes at March 31, 2014 and 2015:

	2014	2015
	(in billions of yen)	
Interest-bearing deposits in other banks	38	35
Trading account assets	10,271	8,462
Investments	13,353	10,432
Loans	8,796	6,881
Other assets	677	945
Total	33,135	26,755

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The associated liabilities collateralized by the above assets at March 31, 2014 and 2015 are summarized below:

	<u>2014</u>	<u>2015</u>
	(in billions of yen)	
Deposits	878	773
Call money and funds purchased	1,708	1,265
Payables under repurchase agreements	6,884	7,862
Payables under securities lending transactions	6,237	2,339
Other short-term borrowings	405	510
Long-term debt	<u>5,632</u>	<u>5,113</u>
Total	<u>21,744</u>	<u>17,862</u>

The Bank of Japan (“the BOJ”) requires private depository institutions to maintain a certain amount of funds as reserves in current accounts with the BOJ, based on average deposit balances and certain other factors. There are similar reserve deposit requirements for foreign branches and subsidiaries engaged in banking businesses in foreign countries. At March 31, 2014 and 2015, the deposit amounts maintained with the BOJ and foreign central banks, which were included in Cash and due from banks and Interest-bearing deposits in other banks, were ¥18,084 billion and ¥26,824 billion, respectively. These balances included the reserve funds required to be maintained by the MHFG Group, which amounted to ¥1,184 billion and ¥1,313 billion at March 31, 2014 and 2015, respectively.

At March 31, 2014 and 2015, the MHFG Group had received collateral that can be sold or repledged, with a fair value of ¥13,817 billion and ¥13,588 billion, respectively, of which ¥12,508 billion and ¥12,657 billion, respectively, was sold and repledged. Such collateral was primarily obtained in connection with resale or securities borrowing agreements, and was generally used as collateral for repurchase or securities lending agreements, or to cover short sales.

9. Deposits

The balances of time deposits and certificates of deposit issued by domestic offices in amounts of ¥10 million (approximately US\$83 thousand at the Federal Reserve Bank of New York’s noon buying rate on March 31, 2015) or more and the balances of these deposits issued by foreign offices in amounts of US\$100,000 or more at March 31, 2014 and 2015 are as follows:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Domestic offices:		
Time deposits	18,351,826	19,841,134
Certificates of deposit	<u>8,117,512</u>	<u>9,011,589</u>
Total	<u>26,469,338</u>	<u>28,852,723</u>
Foreign offices:		
Time deposits	9,555,568	11,948,577
Certificates of deposit	<u>4,638,265</u>	<u>6,683,316</u>
Total	<u>14,193,833</u>	<u>18,631,893</u>

The aggregate amount of demand deposits in overdraft status that have been reclassified as loan balances at March 31, 2014 and 2015 was ¥597 billion and ¥669 billion, respectively.

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The balance and remaining maturities of time deposits and certificates of deposit issued by domestic and foreign offices at March 31, 2015 are shown in the following table:

	<u>Time deposits</u>	<u>Certificates of deposit</u>	<u>Total</u>
	(in millions of yen)		
Domestic offices:			
Due in one year or less	25,185,878	9,008,040	34,193,918
Due after one year through two years	1,937,237	3,550	1,940,787
Due after two years through three years	1,344,793	—	1,344,793
Due after three years through four years	393,411	—	393,411
Due after four years through five years	422,252	—	422,252
Due after five years	139,918	—	139,918
Total	<u>29,423,489</u>	<u>9,011,590</u>	<u>38,435,079</u>
Foreign offices:			
Due in one year or less	11,931,261	6,633,898	18,565,159
Due after one year through two years	17,751	40,398	58,149
Due after two years through three years	2,482	9,020	11,502
Due after three years through four years	3,724	—	3,724
Due after four years through five years	48	—	48
Due after five years	313	—	313
Total	<u>11,955,579</u>	<u>6,683,316</u>	<u>18,638,895</u>
Total	<u>41,379,068</u>	<u>15,694,906</u>	<u>57,073,974</u>

10. Due to trust accounts

MHTB and TCSB, which are MHFG’s trust bank subsidiaries, hold assets on behalf of their customers in an agent, fiduciary or trust capacity. Such trust account assets are not the MHFG Group’s proprietary assets and are managed and accounted for separately. However, the cash in individual trust accounts is often placed with MHTB and TCSB for the customers’ short-term investment needs. These amounts which MHTB and TCSB owe to the trust accounts are recorded as Due to trust accounts.

The MHFG Group consolidates certain guaranteed principal money trusts. See Note 24 “Variable interest entities and securitizations” for further discussion of the guaranteed principal money trusts.

11. Short-term borrowings and long-term debt

Short-term borrowings

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.

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Details of Other short-term borrowings at March 31, 2014 and 2015 are as follows:

	2014	2015
	(in millions of yen)	
Commercial paper and short-term notes issued by consolidated VIEs of asset-backed commercial paper programs ⁽¹⁾⁽²⁾	286,968	310,042
Short-term notes issued by MHFG and its subsidiaries ⁽¹⁾	497,100	742,500
Borrowings from the Bank of Japan	5,138,003	432,538
Other	101,901	97,517
Total	6,023,972	1,582,597

Notes:

- (1) Short-term notes are issued under the laws of Japan in the form of dematerialized commercial paper, whose characteristics are economically the same as commercial paper.
- (2) Commercial paper and short-term notes issued by consolidated VIEs of asset-backed commercial paper programs in the above table consist of commercial paper and short-term notes, of which amounts were ¥199,500 million and ¥87,468 million, respectively, at March 31, 2014, and ¥235,837 million and ¥74,205 million, respectively, at March 31, 2015.

Long-term debt

Long-term debt with original maturities of more than one year at March 31, 2014 and 2015 is comprised of the following:

	2014	2015
	(in millions of yen)	
Obligations under capital leases	26,680	29,129
Loan participation borrowings	79,014	83,128
Senior borrowings and bonds	5,805,634	11,080,548
Subordinated borrowings and bonds	3,942,613	3,389,436
Total	9,853,941	14,582,241

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The following table presents the interest rates and maturities of senior borrowings and bonds, and subordinated borrowings and bonds:

	<u>Interest rates ⁽¹⁾</u> (%)	<u>Maturities ⁽²⁾</u>	<u>2014</u>	<u>2015</u>
(in millions of yen)				
Senior borrowings and bonds:				
fixed rate denominated in Japanese yen . . .	0.00-11.71	Apr. 2015-Mar. 2045	3,557,508	7,675,926
fixed rate denominated in U.S. dollars . . .	0.00-7.49	Apr. 2015-Mar. 2045	604,281	1,579,411
fixed rate denominated in other currencies	0.10-5.10	Sep. 2015-Aug. 2026	25,687	71,802
floating rate denominated in Japanese yen	0.00-18.80	Apr. 2015-Mar. 2045	1,063,111	925,188
floating rate denominated in U.S. dollars	0.00-10.50	Apr. 2015-Dec. 2029	532,199	777,001
floating rate denominated in other currencies	0.26-9.40	Jun. 2015-Apr. 2021	22,848	51,220
Total			<u>5,805,634</u>	<u>11,080,548</u>
Subordinated borrowings and bonds:				
fixed rate denominated in Japanese yen . . .	0.62-4.74	Apr. 2015-Perpetual	3,249,999	2,955,502
fixed rate denominated in U.S. dollars . . .	4.30-6.64	Jun. 2016-Perpetual	613,609	433,934
floating rate denominated in Japanese yen	—	—	79,005	—
Total			<u>3,942,613</u>	<u>3,389,436</u>
Total			<u>9,748,247</u>	<u>14,469,984</u>

Notes:

- (1) The interest rates disclosed reflect the range of contractual rates in effect at March 31, 2015.
- (2) Maturity information disclosed is the range of maturities at March 31, 2015.
- (3) None of the long-term debt issuances above are convertible to common stock.
- (4) Certain debt agreements permit the MHFG Group to redeem the related debt, in whole or in part, prior to maturity at the MHFG Group's option on terms specified in the respective agreements.

The following is a summary of the contractual maturities of long-term debt subsequent to March 31, 2015:

	<u>(in millions of yen)</u>
Fiscal year ending March 31:	
2016	1,267,171
2017	1,827,327
2018	1,523,070
2019	4,745,273
2020	957,431
2021 and thereafter	<u>4,261,969</u>
Total	<u>14,582,241</u>

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12. Other assets and liabilities

The following table sets forth the details of other assets and liabilities at March 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Other assets:		
Accounts receivable from brokers, dealers and customers for securities transactions	1,122,247	2,490,956
Prepaid pension cost	403,654	712,523
Collateral provided for derivative transactions	466,420	673,511
Miscellaneous receivables	315,037	303,844
Margins provided for futures contracts	147,376	207,381
Security deposits	121,675	113,354
Loans held for sale	58,745	4,583
Other	<u>563,841</u>	<u>612,452</u>
Total	<u>3,198,995</u>	<u>5,118,604</u>
Other liabilities:		
Accounts payable to brokers, dealers and customers for securities transactions	1,325,455	1,894,023
Miscellaneous payables	473,028	925,322
Collateral accepted for derivative transactions	432,820	737,032
Guaranteed trust principal	591,647	561,364
Margins accepted for futures contracts	289,381	386,082
Factoring amounts owed to customers	382,189	290,718
Unearned income	141,735	138,681
Other	<u>785,768</u>	<u>1,001,641</u>
Total	<u>4,422,023</u>	<u>5,934,863</u>

Guaranteed trust principal

Guaranteed trust principal is the liability of certain consolidated trust arrangements, in respect of which the MHFG Group provides guarantees for the repayment of principal. See Note 24 “Variable interest entities and securitizations” for further discussion of the guaranteed principal money trusts.

Unearned income

Unearned income is primarily comprised of refundable fees received from consumer loan customers at the time the loan was made, which is being deferred and recognized in earnings as earned.

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13. Preferred stock

The composition of preferred stock at March 31, 2013, 2014 and 2015 is as follows:

2013	Class of stock	Aggregate amount (in millions of yen)	Number of shares			Liquidation value per share (in yen)	Convertible or not
			Authorized	Issued	In treasury		
	Eleventh series class XI preferred stock ⁽¹⁾	914,752	1,369,512,000	914,752,000	574,087,800	1,000	Yes
	Class XII preferred stock	—	1,500,000,000	—	—	—	—
	Thirteenth series class XIII preferred stock	36,690	1,500,000,000	36,690,000	—	1,000	No
	Total	<u>951,442</u>	<u>4,369,512,000</u>	<u>951,442,000</u>	<u>574,087,800</u>		
2014	Class of stock	Aggregate amount (in millions of yen)	Number of shares			Liquidation value per share (in yen)	Convertible or not
			Authorized	Issued	In treasury		
	Eleventh series class XI preferred stock ⁽¹⁾	914,752	914,752,000	914,752,000	602,100,700	1,000	Yes
	Thirteenth series class XIII preferred stock	—	36,690,000	—	—	—	—
	First series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	Second series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	Third series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	Fourth series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	First series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	Second series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	Third series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	Fourth series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	First series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Second series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Third series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Fourth series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Total	<u>914,752</u>	<u>4,251,442,000</u>	<u>914,752,000</u>	<u>602,100,700</u>		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2015	Class of stock	Aggregate amount (in millions of yen)	Number of shares			Liquidation value per share (in yen)	Convertible or not
			Authorized	Issued	In treasury		
	Eleventh series class XI preferred stock ⁽¹⁾	914,752	914,752,000	914,752,000	701,631,100	1,000	Yes
	First series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	Second series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	Third series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	Fourth series class XIV preferred stock ⁽²⁾	—	900,000,000	—	—	—	—
	First series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	Second series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	Third series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	Fourth series class XV preferred stock ⁽³⁾	—	900,000,000	—	—	—	—
	First series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Second series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Third series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Fourth series class XVI preferred stock ⁽⁴⁾	—	1,500,000,000	—	—	—	—
	Total	<u>914,752</u>	<u>4,214,752,000</u>	<u>914,752,000</u>	<u>701,631,100</u>		

Notes:

- (1) The aggregate amount and number of issued shares include the preferred stock in treasury which has been converted to common stock but not yet cancelled.
- (2) The total number of authorized shares from first to fourth series class XIV preferred stock shall not exceed 900,000,000.
- (3) The total number of authorized shares from first to fourth series class XV preferred stock shall not exceed 900,000,000.
- (4) The total number of authorized shares from first to fourth series class XVI preferred stock shall not exceed 1,500,000,000.

Holders or registered pledgees of preferred stock are entitled to receive annual dividends, and distribution of residual assets of MHFG as set out above at the liquidation value per share, prior to holders of common stock but pari passu among themselves. MHFG may pay up to one-half of the annual dividend payable on each class of preferred stock as an interim dividend. Dividends on preferred stock are not cumulative. Holders of preferred stock are not entitled to vote at a general meeting of shareholders except where the articles of incorporation entitle holders of preferred stock to vote.

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In June 2013, MHFG newly authorized class XIV preferred stock, class XV preferred stock and class XVI preferred stock in relation to meet the requirements of Basel III. Under Basel III, in order for preferred stock issued by a bank holding company to be included as its regulatory capital under the capital adequacy requirements, the terms and conditions of the preferred stock are required to include a provision that in the case where the bank holding company is recognized as non-viable, (1) a write-off of the relevant preferred stock or (2) a conversion of the relevant preferred stock into common stock shall be effected (a loss-absorption clause). In respect of class XI preferred stock, class XII preferred stock and class XIII preferred stock, which were authorized before the implementation of Basel III in the articles of incorporation of MHFG, it is not possible to include the foregoing loss-absorption clause in the terms and conditions of those preferred stock under the current provisions of the articles of incorporation. Therefore, class XIV preferred stock, class XV preferred stock and class XVI preferred stock were newly authorized so that the foregoing loss-absorption clause can be included in the terms and conditions of class XIV preferred stock, class XV preferred stock and class XVI preferred stock by a resolution of the board of directors relating to the issuance of the relevant preferred stock. Besides the foregoing loss-absorption clause, provisions regarding the preferred stock dividends, distribution of residual assets, acquisition clause and rights to request acquisition in respect of class XIV preferred stock, class XV preferred stock and class XVI preferred stock were newly established. In addition, each of class XIV preferred stock, class XV preferred stock and class XVI preferred stock was established in multiple series as a separate class of shares in order to enable MHFG to issue those preferred stock in multiple series.

Eleventh series class XI preferred stock is convertible into common stock at the option of the holder. The material terms and conditions of conversion are as follows.

	<u>Conversion period</u>	<u>Conversion ratio ^(Note)</u>
Eleventh series class XI preferred stock	July 1, 2008 to June 30, 2016	¥1,000/(conversion price), where the conversion price after adjustment is ¥282.90 on or after August 30, 2011; to be reset on July 1, 2015 (a “Reset Date”) as ¥1,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of common stock as reported by the Tokyo Stock Exchange (“TSE”) for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price after adjustment effective as of the day before the relevant Reset Date, provided that the conversion price shall not be less than ¥282.90.

Note: Subject to adjustment, in the event of issuance or disposal by MHFG of common stock for a price below the “current market price”, a stock split, issuance of securities convertible into common stock at a price below the “current market price” at the time of issuance thereof or determination of the conversion price thereof, merger or amalgamation, or a capital decrease or stock consolidation occurs and in certain other circumstances.

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Each share of preferred stock which has not been converted as described above by the end of the relevant conversion period will be converted into common stock on the day following the end of the conversion period on the following terms:

	<u>Conversion date</u>	<u>Conversion ratio</u>
Eleventh series class XI preferred stock	July 1, 2016	¥1,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of common stock as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to July 1, 2016, provided that the current market price shall not be less than ¥282.90.

The changes in the number of shares and the aggregate amount of preferred stock during the fiscal years ended March 31, 2013, 2014 and 2015 were as follows:

Class of stock	Issued at March 31, 2012	Net change	Issued at March 31, 2013	Net change	Issued at March 31, 2014	Net change	Issued at March 31, 2015
(number of shares)							
Eleventh series class XI preferred stock ^(Note)	914,752,000	—	914,752,000	—	914,752,000	—	914,752,000
Thirteenth series class XIII preferred stock	36,690,000	—	36,690,000	(36,690,000)	—	—	—
Total	<u>951,442,000</u>	<u>—</u>	<u>951,442,000</u>	<u>(36,690,000)</u>	<u>914,752,000</u>	<u>—</u>	<u>914,752,000</u>

Class of stock	Aggregate amount at March 31, 2012	Net change	Aggregate amount at March 31, 2013	Net change	Aggregate amount at March 31, 2014	Net change	Aggregate amount at March 31, 2015
(in millions of yen)							
Eleventh series class XI preferred stock ^(Note)	914,752	—	914,752	—	914,752	—	914,752
Thirteenth series class XIII preferred stock	36,690	—	36,690	(36,690)	—	—	—
Total	<u>951,442</u>	<u>—</u>	<u>951,442</u>	<u>(36,690)</u>	<u>914,752</u>	<u>—</u>	<u>914,752</u>

Note: The aggregate amount and number of issued shares include the preferred stock in treasury which has been converted to common stock but not yet cancelled.

14. Common stock

The changes in the number of issued shares of common stock during the fiscal years ended March 31, 2013, 2014 and 2015 were as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(shares)		
Balance at beginning of fiscal year	24,048,165,727	24,164,864,477	24,263,885,187
Issuance of new shares of common stock due to conversion of Eleventh series class XI preferred stock	116,698,750	99,020,710	351,822,780
Issuance of new shares of common stock due to exercise of stock acquisition rights	—	—	6,190,000
Balance at end of fiscal year	<u>24,164,864,477</u>	<u>24,263,885,187</u>	<u>24,621,897,967</u>

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15. Dividends

The amount available for dividends under the Companies Act is based on the amount recorded in MHFG’s non-consolidated general books of account, maintained in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”) and adjusted by post period-end changes. Therefore, the consolidated shareholders’ equity under U.S. GAAP has no effect on the determination of the amount available for dividends. On March 31, 2015, MHFG’s capital stock, capital surplus and retained earnings were ¥2,255,405 million, ¥1,195,363 million and ¥1,593,924 million, respectively, under Japanese GAAP.

In making a distribution of retained earnings, an entity must set aside in its legal reserve an amount equal to one-tenth of the amount of retained earnings so distributed, until its legal reserve reaches one-quarter of its capital stock. MHFG’s legal reserve at March 31, 2015 was ¥1,199,647 million, of which ¥1,195,297 million was included in capital surplus and ¥4,350 million in retained earnings.

In addition to the provision that requires an appropriation for the legal reserve, the Companies Act and the Banking Act impose certain limitations on the amount available for dividends. Under the Companies Act, MHFG’s maximum amount available for dividends, at March 31, 2015, was ¥1,586,629 million, based on the amount recorded in MHFG’s general books of account under Japanese GAAP. Under the Banking Act and related regulations, MHFG has to meet the minimum capital adequacy requirements. Distributions of retained earnings, which are otherwise distributable to shareholders, are restricted in order to maintain the minimum Common Equity Tier 1 capital ratio of 4.5% (3.5% in 2013 and 4.0% in 2014) for capital adequacy purposes under the rules in Basel III. See Note 17 “Regulatory matters” for further discussion of regulatory capital requirements.

Payment of dividends on shares of common stock is also subject to the prior payment of dividends on shares of preferred stock.

Dividends on preferred stock and common stock during the fiscal years ended March 31, 2013, 2014 and 2015 were as follows:

<u>2013</u>	<u>Cash dividends</u>	
<u>Class of stock</u>	<u>Per share</u>	<u>In aggregate ⁽¹⁾</u>
	(in yen)	(in millions of yen)
Eleventh series class XI preferred stock	20	7,451
Thirteenth series class XIII preferred stock	30	1,101
Common stock	6	144,170
Total		<u>152,722</u>
<u>2014</u>	<u>Cash dividends</u>	
<u>Class of stock</u>	<u>Per share</u>	<u>In aggregate ⁽¹⁾</u>
	(in yen)	(in millions of yen)
Eleventh series class XI preferred stock	20	6,717
Thirteenth series class XIII preferred stock ⁽²⁾	15	550
Common stock	6	144,998
Total		<u>152,265</u>

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<u>2015</u>	<u>Cash dividends</u>	
	<u>Per share</u>	<u>In aggregate ⁽¹⁾</u>
<u>Class of stock</u>	<u>(in yen)</u>	<u>(in millions of yen)</u>
Eleventh series class XI preferred stock	20	5,906
Common stock	7	<u>170,231</u>
Total		<u><u>176,137</u></u>

Notes:

- (1) Dividends paid on treasury stock are excluded.
- (2) On July 11, 2013, MHFG acquired and cancelled all of the shares of the Thirteenth series class XIII preferred stock. Consequently, the amount for the fiscal year does not include interim dividends.

16. Accumulated other comprehensive income

Changes in each component of AOCI for the fiscal years ended March 31, 2013, 2014 and 2015 are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	<u>(in millions of yen)</u>		
AOCI, balance at beginning of fiscal year	245,588	777,997	1,117,877
Net unrealized gains (losses) on available-for-sale securities:			
Balance at beginning of fiscal year	628,636	995,124	1,123,272
Unrealized holding gains (losses) during year	427,913	255,140	763,115
Less: reclassification adjustments for losses (gains) included in net income	<u>(61,425)</u>	<u>(126,992)</u>	<u>(138,780)</u>
Change during year	<u>366,488</u>	<u>128,148</u>	<u>624,335</u>
Balance at end of fiscal year	995,124	1,123,272	1,747,607
Foreign currency translation adjustments:			
Balance at beginning of fiscal year	(169,881)	(82,420)	(6,434)
Foreign currency translation adjustments during year	87,460	75,986	134,104
Less: reclassification adjustments for losses (gains) included in net income	<u>1</u>	<u>—</u>	<u>1,509</u>
Change during year	<u>87,461</u>	<u>75,986</u>	<u>135,613</u>
Balance at end of fiscal year	(82,420)	(6,434)	129,179
Pension liability adjustments:			
Balance at beginning of fiscal year	(213,167)	(134,707)	1,039
Unrealized gains (losses) during year	67,795	131,360	163,191
Less: reclassification adjustments for losses (gains) included in net income	<u>10,665</u>	<u>4,386</u>	<u>(11)</u>
Change during year	<u>78,460</u>	<u>135,746</u>	<u>163,180</u>
Balance at end of fiscal year	(134,707)	1,039	164,219
Total other comprehensive income (loss), net of tax attributable to MHFG shareholders	<u>532,409</u>	<u>339,880</u>	<u>923,128</u>
AOCI, balance at end of fiscal year	<u><u>777,997</u></u>	<u><u>1,117,877</u></u>	<u><u>2,041,005</u></u>

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The following table shows the amounts reclassified out of AOCI into net income during the fiscal year ended March 31, 2015:

	<u>Before tax ⁽¹⁾</u>	<u>Tax effect ⁽²⁾</u>	<u>Net of tax before allocation to noncontrolling interests</u>	<u>Net of tax attributable to noncontrolling interests ⁽²⁾</u>	<u>Net of tax attributable to MHFG shareholders</u>	
			(in millions of yen)			
Amounts reclassified out of AOCI into net income:						Affected line items in the consolidated statements of income:
Net unrealized gains (losses) on available-for-sale securities	204,512	(65,699)	138,813	(33)	138,780	Investment gains (losses)—net
Foreign currency translation adjustments	(1,509)	—	(1,509)	—	(1,509)	Foreign exchange gains (losses)-net
Pension liability adjustments	43	(16)	27	(16)	11	Salaries and employee benefits
Total	<u>203,046</u>	<u>(65,715)</u>	<u>137,331</u>	<u>(49)</u>	<u>137,282</u>	

Notes:

- (1) The amounts in the Before tax column are recorded in each account presented under the heading “Affected line items in the consolidated statements of income”.
- (2) The amounts in the Tax effect column and Net of tax attributable to noncontrolling interests column are recorded in Income tax expense and Net income attributable to noncontrolling interests in the consolidated statements of income, respectively.

17. Regulatory matters

Regulatory capital requirements

MHFG, MHBK, and MHTB 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 the MHFG Group’s consolidated 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.

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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, the MHFG Group adopts the advanced internal ratings-based approach. Under such approach, balance sheet assets and off-balance sheet exposures, calculated under Japanese GAAP, are assessed in terms of credit risk according to risk components such as probability of default and loss given default, which are derived from the Group's own internal credit experience. In addition to credit risk, banks are required to measure and apply capital charges with respect to their market risks. Market risk is defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices. Operational risk, which was introduced under Basel II with respect to regulatory capital requirements, is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Group adopts the advanced measurement approach for the measurement of operational risk equivalent by taking account of the following four elements: internal loss data; external loss data; scenario analysis; and business environment and internal control factors. 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 MHBK and MHTB, or on a consolidated basis for bank holding companies with international operations, such as MHFG.

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 to 4.5% of risk-weighted assets in March 2015 from 3.5% in March 2013. Thereafter, 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

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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. The MHFG Group's existing preferred stock and preferred securities (the amounts thereof included within Additional Tier 1 capital as of March 31, 2015 being ¥ 1,458.2 billion) and the Group's 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.

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 global systemically important banks ("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. The Group was included in the list of G-SIBs updated in November 2014 and was allocated to the bucket that would require 1.0% of additional loss absorbency.

Related to regulatory capital requirements, 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. The proposals will be finalized after consultation and impact assessments to form a new minimum standard for "total loss-absorbing capacity" (TLAC). The final version is scheduled to be delivered to the G20 Leaders' summit scheduled to be held in November 2015.

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

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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.

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 ^(Note)	3.5%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Minimum Tier 1 capital ^(Note)	4.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital ^(Note)	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 ^(Note)	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 ^(Note)	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: 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.

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Capital adequacy ratios of MHFG, MHBK, and MHTB as of March 31, 2014 and 2015 calculated in accordance with Japanese GAAP and the guidelines established by the Financial Services Agency are set forth in the following table:

	2014		2015	
	Amount	Ratio	Amount	Ratio
(in billions of yen, except percentages)				
Consolidated:				
MHFG:				
Common Equity Tier 1 capital:				
Required	2,411	4.00	2,934	4.50
Actual	5,304	8.80 (Note)	6,153	9.43
Tier 1 capital:				
Required	3,315 (Note)	5.50	3,912	6.00
Actual	6,845	11.35	7,500	11.50
Total risk-based capital:				
Required	4,822 (Note)	8.00	5,215	8.00
Actual	8,656	14.36 (Note)	9,508	14.58
MHBK:				
Common Equity Tier 1 capital:				
Required	2,113 (Note)	4.00	2,574	4.50
Actual	5,387	10.19 (Note)	5,966	10.42
Tier 1 capital:				
Required	2,905 (Note)	5.50	3,432	6.00
Actual	6,525	12.35 (Note)	6,943	12.13
Total risk-based capital:				
Required	4,226 (Note)	8.00	4,576	8.00
Actual	8,181 (Note)	15.48 (Note)	8,754	15.30
MHTB:				
Common Equity Tier 1 capital:				
Required	103	4.00	120	4.50
Actual	379	14.76	444	16.67
Tier 1 capital:				
Required	141	5.50	160	6.00
Actual	379	14.76	444	16.68
Total risk-based capital:				
Required	205	8.00	213	8.00
Actual	457	17.80	512	19.21
Non-consolidated:				
MHBK:				
Common Equity Tier 1 capital:				
Required	2,072	4.00	2,519	4.50
Actual	5,260	10.15	5,787	10.33
Tier 1 capital:				
Required	2,849	5.50	3,359	6.00
Actual	6,370	12.29	6,728	12.01
Total risk-based capital:				
Required	4,144	8.00	4,479	8.00
Actual	8,072	15.58	8,598	15.35
MHTB:				
Common Equity Tier 1 capital:				
Required	101	4.00	117	4.50
Actual	375	14.76	437	16.79
Tier 1 capital:				
Required	139	5.50	156	6.00
Actual	375	14.76	437	16.79
Total risk-based capital:				
Required	203	8.00	208	8.00
Actual	451	17.79	503	19.33

Note: Certain amounts and ratios as of March 31, 2014 were restated due to a revision of a risk weighted asset of a certain subsidiary of MHFG. The difference between the amounts restated and the amounts previously reported ranged from ¥1 billion to ¥33 billion. The difference between the ratios restated and the ratios previously reported ranged from 0.01% to 0.12%.

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MHFG's 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.

Management believes, as of March 31, 2015, that MHFG, MHBK, MHTB, and their securities subsidiaries in Japan were in compliance with all capital adequacy requirements to which they were subject.

18. Earnings per common share

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per common share reflect the assumed conversion to common shares of all convertible securities such as convertible preferred stock.

The following table sets forth the computation of basic and diluted earnings per common share for the fiscal years ended March 31, 2013, 2014 and 2015:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Net income:			
Net income attributable to MHFG shareholders	875,412	498,484	803,048
Less: Net income attributable to preferred shareholders	<u>8,221</u>	<u>6,745</u>	<u>4,910</u>
Net income attributable to common shareholders	<u>867,191</u>	<u>491,739</u>	<u>798,138</u>
Effect of dilutive securities:			
Convertible preferred stock	<u>7,121</u>	<u>6,437</u>	<u>4,910</u>
Net income attributable to common shareholders after assumed conversions	<u>874,312</u>	<u>498,176</u>	<u>803,048</u>

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	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(thousands of shares)		
Shares:			
Weighted average common shares outstanding	<u>24,053,282</u>	<u>24,189,670</u>	<u>24,368,116</u>
Effect of dilutive securities:			
Convertible preferred stock ^(Note)	1,291,854	1,164,941	994,745
Stock compensation-type stock options	<u>20,093</u>	<u>16,641</u>	<u>18,186</u>
Weighted average common shares after assumed conversions	<u>25,365,229</u>	<u>25,371,252</u>	<u>25,381,047</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in yen)		
Amounts per common share:			
Basic net income per common share	<u>36.05</u>	<u>20.33</u>	<u>32.75</u>
Diluted net income per common share	<u>34.47</u>	<u>19.64</u>	<u>31.64</u>

Note: The number of dilutive common shares is based on the applicable conversion prices.

19. Income taxes

Income tax expense

The following table presents the components of Income tax expense for the fiscal years ended March 31, 2013, 2014 and 2015:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Current:			
Domestic	37,101	92,814	184,180
Foreign	<u>10,754</u>	<u>42,919</u>	<u>71,250</u>
Total current tax expense	<u>47,855</u>	<u>135,733</u>	<u>255,430</u>
Deferred:			
Domestic	(40,021)	94,911	187,134
Foreign	<u>(3,810)</u>	<u>(4,536)</u>	<u>(5,144)</u>
Total deferred tax expense	<u>(43,831)</u>	<u>90,375</u>	<u>181,990</u>
Total income tax expense	<u>4,024</u>	<u>226,108</u>	<u>437,420</u>

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The preceding table does not reflect the tax effects of items recorded directly in Equity for the fiscal years ended March 31, 2013, 2014 and 2015. The detailed amounts recorded directly in Equity are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Net unrealized gains (losses) on available-for-sale securities:			
Unrealized gains (losses)	235,274	161,269	403,690
Less: reclassification adjustments	(33,988)	(70,228)	(65,699)
Total	<u>201,286</u>	<u>91,041</u>	<u>337,991</u>
Pension liability adjustments:			
Unrealized gains (losses)	34,171	71,646	87,654
Less: reclassification adjustments	5,913	2,442	(16)
Total	<u>40,084</u>	<u>74,088</u>	<u>87,638</u>
Total tax effect before allocation to noncontrolling interests	<u>241,370</u>	<u>165,129</u>	<u>425,629</u>

Reconciliation of Income tax expense

The following table shows a reconciliation of Income tax expense at the effective statutory tax rate to the actual income tax expense for the fiscal years ended March 31, 2013, 2014 and 2015:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen, except tax rates)		
Income before income tax expense	885,180	726,343	1,267,653
Effective statutory tax rate	38.01%	38.01%	35.64%
Income tax calculated at the statutory tax rate	336,457	276,083	451,792
Income not subject to tax	(18,320)	(22,354)	(20,911)
Expenses not deductible for tax purposes	1,348	1,550	1,532
Tax rate differentials of subsidiaries	(10,535)	(1,611)	(3,517)
Change in valuation allowance ⁽¹⁾	(326,158)	(44,620)	(4,444)
Change in undistributed earnings of subsidiaries	12,233	932	16,084
Change in net operating loss carryforwards resulting from intercompany capital transactions	227	235	(1,290)
Effect of enacted change in tax rates	—	15,786 ⁽²⁾	(21,714) ⁽³⁾
Other	8,772	107	19,888
Income tax expense	<u>4,024</u>	<u>226,108</u>	<u>437,420</u>

Notes:

- (1) In the fiscal year ended March 31, 2015, the MHFG Group partially changed the basis of presentation in respect of change in valuation allowance to represent the amount of change that directly affected Income tax expense. The current period's presentation of change in valuation allowance excludes the effect of expiration of net operating loss carryforwards for which valuation allowance had been fully recorded against the associated deferred tax assets. Refer to the roll-forward table later in Note 19 for details of expiration of net operating loss carryforwards which affected the gross valuation allowance but not total Income tax expense in prior periods.

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- (2) On March 20, 2014, the National Diet of Japan approved a bill affecting the statutory tax rates of MHFG and its domestic subsidiaries. As a result, the statutory tax rate in respect of MHFG's tax returns for the fiscal year ending March 31, 2015 has been reduced to 35.64% from the previous rate of 38.01%. The decrease in the Group's balance of net deferred tax assets, reflecting such tax rate reductions, was recognized in Income tax expense in the fiscal year ended March 31, 2014.
- (3) On March 31, 2015, the National Diet of Japan approved a bill affecting the statutory tax rates of MHFG and its domestic subsidiaries. As a result, the statutory tax rate in respect of MHFG's tax returns for the fiscal year ending March 31, 2016 will be reduced to 33.06% from the previous rate of 35.64%. In addition, the tax rate for the fiscal years ending March 31, 2017 and thereafter will be 32.26%. The decrease in the Group's balance of net deferred tax liabilities, reflecting such tax rate reductions, was recognized as a reduction to Income tax expense in the fiscal year ended March 31, 2015.

Deferred tax assets and liabilities

The components of net deferred tax assets (liabilities) at March 31, 2014 and 2015 are as follows:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Deferred tax assets:		
Investments	724,038	575,974
Allowance for loan losses	266,595	225,436
Derivative financial instruments	29,002	8,719
Net operating loss carryforwards ^(Note)	448,926	392,363
Trading account assets	19,842	—
Other	204,304	197,335
	<u>1,692,707</u>	<u>1,399,827</u>
Valuation allowance	(443,847)	(388,551)
Deferred tax assets, net of valuation allowance	<u>1,248,860</u>	<u>1,011,276</u>
Deferred tax liabilities:		
Available-for-sale securities	659,448	909,744
Prepaid pension cost and accrued pension liabilities	132,738	218,124
Trading account assets	—	39,056
Undistributed earnings of subsidiaries	11,972	28,056
Premises and equipment	11,263	2,614
Other	61,500	49,717
Deferred tax liabilities	<u>876,921</u>	<u>1,247,311</u>
Net deferred tax assets (liabilities)	<u>371,939</u>	<u>(236,035)</u>

Note: The amount includes ¥309,462 million and ¥281,403 million related to MHFG's carryforwards resulting mainly from intercompany capital transactions as of March 31, 2014 and 2015, respectively. The tax effect of the net operating loss carryforwards is offset by a full valuation allowance because MHFG experienced a significant expiration of net operating loss carryforwards of ¥1,262 billion in March 2013, which is negative evidence outweighing any positive evidence. Furthermore, MHFG is a holding company whose primary sources of future taxable income are management fees from subsidiaries that are not sufficient to realize deferred tax assets related to the net operating loss carryforwards.

Deferred tax assets and deferred tax liabilities within the same tax jurisdiction have been netted for presentation purposes in the consolidated balance sheets.

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The following table and accompanying footnotes represent a breakdown of deferred tax assets and valuation allowance recognized in respect of net operating loss carryforwards by tax jurisdiction and by year of expiration as of March 31, 2014 and 2015:

	<u>Deferred tax assets</u>	<u>Valuation allowance</u> (in billions of yen)	<u>Deferred tax assets, net of valuation allowance</u>
2014			
Japan ⁽¹⁾	334	(315)	19
The United States	17	(13)	4
The United Kingdom ⁽²⁾	95	(95)	—
Others	3	(3)	—
Total	<u>449</u>	<u>(426)</u>	<u>23</u>
2015			
Japan ⁽³⁾	286	(283)	3
The United States	17	(11)	6
The United Kingdom ⁽⁴⁾	86	(86)	—
Others	3	(3)	—
Total	<u>392</u>	<u>(383)</u>	<u>9</u>

Notes:

- (1) ¥308 billion of the Japan net operating losses of ¥334 billion is related to MHFG, which is offset by a full valuation allowance, and will expire during the fiscal year ending March 31, 2018.
- (2) The United Kingdom net operating losses of ¥95 billion may be carried forward indefinitely.
- (3) ¥279 billion of the Japan net operating losses of ¥286 billion is related to MHFG, which is offset by a full valuation allowance, and will expire during the fiscal year ending March 31, 2018.
- (4) The United Kingdom net operating losses of ¥86 billion may be carried forward indefinitely.

Determination of valuation allowance

In accordance with ASC 740, when the MHFG Group determines whether and to what extent a valuation allowance is needed, the Group considers all available evidence, both positive and negative, to estimate future taxable income. In this regard, the Group considers reversals of existing taxable temporary differences, projected future taxable income (exclusive of reversals of existing temporary differences) and qualifying tax-planning strategies to be possible sources of future taxable income. The Group considers the specific pattern and timing of future reversals of existing taxable and deductible temporary differences on available-for-sale securities to constitute a prudent and feasible tax-planning strategy and strong positive evidence. The Group has the ability to control when its available-for-sale securities with unrealized gains and losses are sold in order to accelerate or decelerate taxable or deductible amounts. The Group also has a solid history of effecting such sales as necessary in order to utilize net operating loss carryforwards or otherwise realize deferred tax assets.

Positive evidence includes the Group's results of operations for the current and preceding years on an overall consolidated basis and most of the principal subsidiaries. In particular, the strong results of operations in recent years of MHFG's principal banking subsidiaries in Japan represent positive evidence that can be objectively verified.

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Negative evidence includes the existence of significant amounts of net operating loss carryforwards or cumulative losses recorded at certain entities, and the expiration of unused net operating loss carryforwards in recent years.

A valuation allowance is recorded against deferred tax assets as of the balance sheet date to the extent the Group estimates it is more likely than not that sufficient future taxable income is not available to realize such deferred tax assets. As the Group does not apply a consolidated taxation system with a few exceptions of non-principal subsidiaries outside Japan, deferred tax assets and liabilities are calculated separately for each legal entity. Therefore, changes in the valuation allowance are primarily due to changes in deductible temporary differences, net operating loss carryforwards and estimated availability of future taxable income sources of each entity.

In general, a valuation allowance is recognized against deferred tax assets related to entities that have accumulated significant net operating loss carryforwards. As of March 31, 2015, the Group's valuation allowance was primarily related to entities in Japan, the United States and the United Kingdom. The valuation allowance was partially recognized in Japan and in the United States, while the valuation allowance was fully recognized in the United Kingdom.

The Group determined whether cumulative losses were recognized by aggregating pretax results for the recent three years as part of the analysis of potential indicators of negative evidence. In each tax jurisdiction, certain entities recognized a cumulative loss on the basis of the recent three years' pretax results as of March 31, 2015. As it pertains to each entity with a cumulative loss, a valuation allowance was fully recognized against the deferred tax assets if the Group considered there was no positive evidence that overcame the negative evidence. As of March 31, 2015, MHFG's securities subsidiary in the United Kingdom recorded cumulative losses on the basis of the recent three years' pretax results and recognized a full valuation allowance, as there was no positive evidence to overcome the negative evidence. MHFG and MHFG's principal banking subsidiaries in Japan did not record cumulative losses in the periods presented.

Change in valuation allowance

The following table presents a roll-forward of the valuation allowance for the fiscal years ended March 31, 2013, 2014 and 2015:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Balance at beginning of fiscal year	1,952,899	584,665	443,847
Changes that directly affected Income tax expense	(326,158)	(44,620)	(4,444)
Changes that did not affect Income tax expense:			
Expiration of net operating loss carryforwards	(1,026,439)	(6,313)	—
Others	(15,637)	(89,885)	(50,852)
Total	<u>(1,042,076)</u>	<u>(96,198)</u>	<u>(50,852)</u>
Balance at end of fiscal year	<u>584,665</u>	<u>443,847</u>	<u>388,551</u>

The decrease in the fiscal year ended March 31, 2013 of ¥326,158 million in valuation allowance that directly affected Income tax expense was a result of the assessment of the realizability of deferred tax assets that mainly reflected decreases in deductible temporary differences and significant increases in future taxable income, resulting in fully derecognizing valuation allowances in certain principal banking subsidiaries in Japan. The decreases in deductible temporary differences were primarily related to investments, while the significant increases in future taxable income were due to significant increases in net unrealized gains on available-for-sale securities.

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The decrease in the fiscal year ended March 31, 2014 of ¥44,620 million in valuation allowance that directly affected Income tax expense was a result of an assessment of the realizability of deferred tax assets that mainly reflected decreases in deductible temporary differences and increases in future taxable income, which led to the full de-recognition of valuation allowance in one of MHFG's principal banking subsidiaries in Japan. The decreases in deductible temporary differences were primarily related to investments, while the increases in future taxable income were due to increases in net unrealized gains on available-for-sale securities. The decrease in others was primarily related to the portion of valuation allowance that the MHFG Group judged to be offset by gross deferred tax assets that related to certain investments. The primary portion of the decrease in others was related to the deferred tax assets against which a full valuation allowance had been recorded, and therefore there was no impact on the deferred tax expense although the valuation allowance decreased due to this offsetting.

The decrease in the fiscal year ended March 31, 2015 of ¥4,444 million in valuation allowance that directly affected Income tax expense was a result of an assessment of the realizability of deferred tax assets that mainly reflected decreases in deductible temporary differences. The decrease in the fiscal year ended March 31, 2015 of ¥50,852 million in others was primarily related to a decrease in the valuation allowance that is fully recognized against MHFG's net operating loss carryforwards due to tax rate reductions.

Net operating loss carryforwards

At March 31, 2015, the MHFG Group had net operating loss carryforwards totaling ¥1,378 billion. These carryforwards are scheduled to expire as follows:

	Net operating loss carryforwards (in billions of yen)
Fiscal year ending March 31:	
2016	—
2017	—
2018	865
2019	3
2020	—
2021 and thereafter	<u>510</u>
Total	<u><u>1,378</u></u>

Included in net operating loss carryforwards in the above table are MHFG's carryforwards of ¥872 billion resulting mainly from intercompany capital transactions, ¥865 billion of which is net operating loss carryforwards generated in relation to a previous intragroup reorganization. The tax loss was recorded at MHFG in accordance with Japanese tax law. The net operating loss carryforwards due to this transaction are to expire in March 2018.

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Uncertainty in income tax

The following table is a roll-forward of unrecognized tax benefits for the fiscal years ended March 31, 2013, 2014 and 2015:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Total unrecognized tax benefits at beginning of fiscal year	2,160	1,454	1,691
Gross amount of increases (decreases) related to positions taken during prior years	(471)	(6)	(37)
Gross amount of increases related to positions taken during the current year	29	100	346
Amount of decreases related to settlements	(559)	—	(652)
Foreign exchange translation	295	143	284
Total unrecognized tax benefits at end of fiscal year	<u>1,454</u>	<u>1,691</u>	<u>1,632</u>

The total amount of unrecognized tax benefits including ¥563 million, ¥699 million and ¥517 million of interest and penalties was ¥1,454 million, ¥1,691 million and ¥1,632 million at March 31, 2013, 2014 and 2015, respectively, which would, if recognized, affect the Group's effective tax rate. The Group classifies interest and penalties accrued relating to unrecognized tax benefits as Income tax expense.

The MHFG Group is currently subject to ongoing tax audits in some jurisdictions. The oldest years open to tax audits in Japan, the United States and the United Kingdom are 2007, 2002 and 2002, respectively. The Group does not anticipate that increases or decreases of unrecognized tax benefits within the next twelve months would have a material effect on its consolidated results of operations or financial condition.

20. Pension and other employee benefit plans

Severance indemnities and pension plans

MHFG and certain subsidiaries sponsor and offer their employees other than directors and corporate auditors, contributory and non-contributory defined benefit plans. Under these plans, employees are provided with lump-sum cash payments upon leaving the company. The amount of benefits under each plan is principally determined based on the position, the length of service and the reason for retirement. When employees meet certain conditions including the length of service, they may opt to receive annuity payments instead of lump-sum payments at retirement. MHFG and certain subsidiaries also offer special termination benefits to former employees whose contributions during their careers were deemed meritorious and to those with particular circumstances.

Certain foreign offices and subsidiaries have defined contribution plans and/or defined benefit plans, of which disclosures are combined with those for domestic benefit plans, as they are not significant.

MHFG and certain subsidiaries have several defined contribution plans. The costs recognized in respect of contributions to the plans for the fiscal years ended March 31, 2013, 2014 and 2015 were ¥1,968 million, ¥2,487 million and ¥2,444 million, respectively.

Pension plans are not fully integrated among subsidiaries of MHFG and plan assets are managed separately by each plan.

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Net periodic benefit cost and funded status

Net periodic benefit cost of the severance indemnities and pension plans for the fiscal years ended March 31, 2013, 2014 and 2015 included the following components:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Service cost-benefits earned during the fiscal year	30,422	33,429	33,578
Interest costs on projected benefit obligation	23,186	20,341	13,060
Expected return on plan assets	(32,237)	(37,047)	(38,087)
Amortization of prior service benefit	(319)	(195)	(195)
Amortization of net actuarial loss (gain)	16,936	7,039	150
Special termination benefits	5,454	5,429	5,504
Net periodic benefit cost	<u>43,442</u>	<u>28,996</u>	<u>14,010</u>

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) before-tax for the fiscal years ended March 31, 2014 and 2015 were summarized as follows:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Net actuarial gain (loss)	204,506	246,523
Amortization of net actuarial loss (gain)	7,039	150
Amortization of prior service benefit	(195)	(195)
Total recognized in other comprehensive income (loss) before-tax	<u>211,350</u>	<u>246,478</u>

As of March 31, 2015, the amounts in Accumulated other comprehensive income, which will be amortized as prior service benefit and actuarial gain over the next fiscal year, are estimated to be ¥195 million and ¥4,132 million, respectively.

Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost were as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Weighted-average assumptions used to determine benefit obligations at fiscal year end:			
Discount rates	1.44%	0.96%	0.76%
Rates of increase in future compensation levels	2.31-6.57%	2.00-4.80%	2.00-4.80%
Weighted-average assumptions used to determine net periodic benefit cost during the year:			
Discount rates	1.73%	1.44%	0.96%
Rates of increase in future compensation levels	2.33-6.46%	2.31-6.57%	2.00-4.80%
Expected rates of return on plan assets	2.40%	2.42%	2.17%

In estimating the discount rates, the MHFG Group uses 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. During the fiscal year ended March 31, 2014, the Group changed the calculation method of the discount rates and revised the benefit formula for certain major plans to refine the estimate in respect of benefit obligations. As a result of these refinements, total benefit obligations of the Group, at March 31, 2014, decreased by ¥110,744 million. Assumed discount rates are reevaluated at each

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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.

The following table sets forth the combined funded status and amounts recognized in the accompanying consolidated balance sheets at March 31, 2014 and 2015 for the plans of MHFG and its subsidiaries:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Change in benefit obligation:		
Benefit obligation at beginning of fiscal year	1,399,123	1,320,690
Service cost	33,429	33,578
Interest cost	20,341	13,060
Plan participants' contributions	1,181	1,179
Actuarial loss (gain)	(70,214)	86,780
Foreign exchange translation	4,854	2,444
Benefits paid	(49,905)	(50,266)
Lump-sum payments	(18,119)	(15,006)
Benefit obligation at end of fiscal year	<u>1,320,690</u>	<u>1,392,459</u>
Change in plan assets:		
Fair value of plan assets at beginning of fiscal year	1,527,744	1,706,054
Actual return (negative return) on plan assets	171,970	371,694
Foreign exchange translation	4,128	1,833
Employer contributions	50,936	51,106
Plan participants' contributions	1,181	1,179
Benefits paid	(49,905)	(50,266)
Fair value of plan assets at end of fiscal year	<u>1,706,054</u>	<u>2,081,600</u>
Funded status	<u>385,364</u>	<u>689,141</u>
Amounts recognized in the consolidated balance sheets consist of:		
Prepaid pension cost	403,654	712,523
Accrued pension liability	(18,290)	(23,382)
Net amount recognized	<u>385,364</u>	<u>689,141</u>
Amounts recognized in Accumulated other comprehensive income (loss) before-tax consist of:		
Prior service benefit (cost)	(635)	(830)
Net actuarial gain (loss)	(24,814)	221,859
Net amount recognized	<u>(25,449)</u>	<u>221,029</u>

Note: The aggregated accumulated benefit obligations of these plans were ¥1,319,771 million and ¥1,390,738 million, respectively, as of March 31, 2014 and 2015. The defined benefit plans generally employ a multi-variable and non-linear formula based upon rank and years of service. Employees with service in excess of one year are qualified to receive lump-sum severance indemnities.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table shows the projected benefit obligations and the fair value of plan assets for the plans of MHFG and its subsidiaries with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the plans with accumulated benefit obligations in excess of plan assets at March 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	40,509	51,707
Fair value of plan assets	21,898	28,325
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	39,590	49,986
Fair value of plan assets	21,898	28,325

Note: The plans with projected benefit obligations in excess of plan assets include those with accumulated benefit obligations in excess of plan assets.

Investment policies and asset allocation

In managing plan assets, the MHFG Group determines the appropriate levels of risk that the Group can assume under the given circumstances to maximize the investment returns from a long-term perspective while ensuring that the sufficient funds will be available to plan participants and beneficiaries. Generally, the investment returns are relative to the risks involved. In considering the maximum levels of risk that the MHFG Group can assume, it primarily considers the following factors; the employers' burden of maintaining the benefit plans based on the design of the plans and future plan contributions, the age distribution of the plan participants and beneficiaries, the financial conditions of the employers, and the employers' ability to absorb future variability in plan premiums. The long-term asset allocation to each asset category such as Japanese equity securities, Japanese debt securities, foreign equity securities and foreign debt securities is determined based upon the optimal portfolio, which is estimated to yield the maximum return within the range of acceptable level of risk. Additionally, the asset allocation is reviewed whenever there are large fluctuations in pension plan liabilities caused by modifications of pension plans, or there are changes in the market environment. When selecting an investment in each asset category, the MHFG Group takes into consideration credit standing of an investee, concentration of credit risk to a certain investee, liquidity of a financial instrument, etc. The investments in each asset category are further diversified across funds, strategies, sectors, etc. There is no significant investment in a single investee except Japanese government bonds.

Certain subsidiaries of MHFG established employee retirement benefit trusts and transferred their assets to the trusts as plan assets. These assets are separated from the employer's proprietary assets for the payment to the plan beneficiaries. The assets held in these trusts are primarily Japanese equity securities and have been entrusted directly to qualified trustees including trust banks.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

MHFG and certain subsidiaries' target allocation for the plan assets excluding those of the employee retirement benefit trusts at March 31, 2015 was as follows:

<u>Asset category</u>	<u>Asset ratio</u>
Japanese equity securities	5.00%
Japanese debt securities	44.00%
Foreign equity securities	25.00%
Foreign debt securities	10.00%
General account of life insurance companies	14.00%
Other	<u>2.00%</u>
Total	<u>100.00%</u>

Note: General account of life insurance companies is a contract with life insurance companies which guarantees payments of principal and predetermined interest rate.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair value of plan assets

The following table presents the fair value of plan assets of MHFG and its subsidiaries at March 31, 2014 and 2015, by asset class. For the detailed information on fair value measurements, including descriptions of Level 1, 2 and 3 of the fair value hierarchy and the valuation methodologies, see Note 27 “Fair value”.

	2014				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in billions of yen)							
Japanese equity securities:								
Common stocks ⁽¹⁾	782	—	—	782	1,085	—	—	1,085
Pooled funds ⁽²⁾	5	51	—	56	9	65	—	74
Japanese debt securities:								
Government bonds	229	—	—	229	240	—	—	240
Pooled funds ⁽²⁾	—	68	—	68	—	73	—	73
Other	—	24	—	24	—	28	—	28
Foreign equity securities:								
Common stocks	96	3	—	99	106	4	—	110
Pooled funds ⁽²⁾	15	139	—	154	16	146	—	162
Foreign debt securities:								
Government bonds	63	6	—	69	66	7	—	73
Pooled funds ⁽²⁾	—	9	—	9	—	13	—	13
Other	—	15	—	15	—	16	—	16
General account of life insurance companies ⁽³⁾	—	111	—	111	—	118	—	118
Hedge funds	—	—	2	2	—	—	3	3
Other	91 ⁽⁴⁾	(3) ⁽⁵⁾	—	88	84 ⁽⁴⁾	3 ⁽⁵⁾	—	87
Total assets at fair value	<u>1,281</u>	<u>423</u>	<u>2</u>	<u>1,706</u>	<u>1,606</u>	<u>473</u>	<u>3</u>	<u>2,082</u>

Notes:

- (1) This class represents equity securities held in the employee retirement benefit trusts of ¥782 billion and ¥1,085 billion at March 31, 2014 and 2015, respectively, which are well-diversified across industries.
- (2) These classes primarily include pension investment fund trusts. Investments in these classes are generally measured at their net asset values per share and can be redeemed within a short-term period upon request.
- (3) Investments in this class are measured at conversion value.
- (4) Amounts primarily include cash and short-term assets carried at fair value.
- (5) Amounts primarily include foreign exchange contracts carried at fair value.

Amounts of actual returns on and purchases and sales of Level 3 assets during the fiscal years ended March 31, 2014 and 2015 were not significant.

Contributions

The total contribution of approximately ¥49 billion is expected to be paid to the pension plans in the fiscal year ending March 31, 2016, based on the current funded status and expected asset return assumptions.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Estimated future benefit payments

The following table presents forecasted benefit payments including the effect of expected future service for the fiscal years indicated:

	(in millions of yen)
Fiscal year ending March 31:	
2016	66,385
2017	68,322
2018	69,839
2019	70,933
2020	71,898
2021-2025	350,312

21. Stock-based compensation

MHFG, MHBK (the former MHBK and the former Mizuho Corporate Bank, Ltd. (“MHC B”) merged on July 1, 2013), MHTB and MHSC have stock options, in the form of stock acquisition rights, for directors (excluding the outside directors) and executive officers of the respective companies (hereinafter referred to collectively as the “Directors”).

In this plan (“MHFG Stock Plan”), 1,000 shares of MHFG common stock shall be issued or transferred upon exercise of each of the stock acquisition rights. The amount to be paid upon exercise shall be 1 yen per share. The contractual term of the stock acquisition rights is 20 years. A holder may exercise the stock acquisition rights only after the date on which such holder loses the status as a Director of MHFG, MHBK, MHTB or MHSC.

The following is a roll-forward of MHFG Stock Plan for the fiscal year ended March 31, 2015:

	Number of shares	Weighted-average exercise price (in yen)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions of yen)
Outstanding at beginning of fiscal year	22,543,000	1		
Granted during fiscal year	9,602,000	1		
Exercised during fiscal year	8,187,000	1		
Outstanding at end of fiscal year	23,958,000	1	18.41	5,034
Exercisable at end of fiscal year	—	—	—	—

There were no non-vested stock options remaining as of March 31, 2015.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the assumptions used in the Black-Scholes option pricing model to estimate the fair value of stock acquisition rights on the date of grant. The risk-free interest rate is based on the Japanese government bonds yield curve for the expected remaining term in effect at the date of grant. The expected volatility is based on the historical trading data of MHFG common stock. The expected remaining term is based on the average service period of Directors of MHFG, MHBK, MHTB and MHSC, which represents the period of time that stock acquisition rights granted are expected to be outstanding. The expected dividend yield is based on the dividend rate of MHFG common stock at the date of grant.

	For the stock acquisition rights granted during the fiscal years ended March 31,	
	2014	2015
Risk-free interest rate	0.08%	0.01%
Expected volatility	28.16%	25.91%
Expected remaining term (in years)	2.46	2.46
Expected dividend yield	3.11%	3.42%

The weighted-average grant-date fair value of stock acquisition rights granted during the fiscal years ended March 31, 2013, 2014 and 2015 was ¥113,250, ¥192,610 and ¥186,990, respectively.

The compensation cost related to this plan recognized in income was ¥1,333 million, ¥1,527 million and ¥1,795 million during the fiscal years ended March 31, 2013, 2014 and 2015, respectively.

22. Derivative financial instruments

The MHFG Group enters into derivative financial instruments in response to the diverse needs of customers, to control the risk related to the assets and liabilities of the MHFG Group, as part of its asset and liability management, and for proprietary trading purposes. The MHFG Group is exposed primarily to market risk associated with interest rate, commodity, foreign currency, and equity products. Market risk arises from changes in market prices or indices, interest rates and foreign exchange rates that may result in an adverse change in the market value of the financial instrument or an increase in its funding costs. Exposure to market risk is managed by imposing position limits and monitoring procedures and by initiating hedging transactions. In addition to market risk, the MHFG Group is exposed to credit risk associated with counterparty default or nonperformance in respect of transactions. Credit risk arises when a counterparty fails to perform according to the terms and conditions of the contract and the value of the underlying collateral held, if applicable, is not sufficient to recover resulting losses. The exposure to credit risk is measured by the fair value of all derivatives in a gain position and its potential increase at the balance sheet dates. The exposure to credit risk is managed by entering into legally enforceable master netting agreements to mitigate the overall counterparty credit risk, requiring underlying collateral and guarantees based on an individual credit analysis of each obligor and evaluating the credit features of each instrument. In addition, credit approvals, limits and monitoring procedures are also imposed.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Notional amount and fair value of derivative contracts

The following table summarizes the notional and fair value amounts of derivative instruments outstanding as of March 31, 2014 and 2015. The fair values of derivatives are presented on a gross basis and not offset against the amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under master netting agreements in the consolidated balance sheets, or the table below.

2014	Notional amount ⁽¹⁾	Fair value			
		Derivative receivables ⁽²⁾		Derivative payables ⁽²⁾	
		Designated as hedges	Not designated as hedges	Designated as hedges	Not designated as hedges
		(in billions of yen)			
Interest rate contracts	971,939	—	8,064	—	7,895
Foreign exchange contracts	119,864	—	2,354	2	2,349
Equity-related contracts	2,979	1	196	—	178
Credit-related contracts	4,662	—	49	—	34
Other contracts	463	—	23	—	17
Total	<u>1,099,907</u>	<u>1</u>	<u>10,686</u>	<u>2</u>	<u>10,473</u>

2015	Notional amount ⁽¹⁾	Fair value			
		Derivative receivables ⁽²⁾		Derivative payables ⁽²⁾	
		Designated as hedges	Not designated as hedges	Designated as hedges	Not designated as hedges
		(in billions of yen)			
Interest rate contracts	1,115,149	—	9,612	—	9,374
Foreign exchange contracts	142,428	3	3,602	3	3,604
Equity-related contracts	2,767	—	197	22	199
Credit-related contracts	4,967	—	42	—	36
Other contracts	333	—	38	—	33
Total	<u>1,265,644</u>	<u>3</u>	<u>13,491</u>	<u>25</u>	<u>13,246</u>

Notes:

- (1) Notional amount includes the sum of gross long and gross short third-party contracts.
- (2) Derivative receivables and payables are recorded in Trading account assets and Trading account liabilities, respectively.

The MHFG Group provided and/or accepted cash collateral for derivative transactions under master netting agreements. The cash collateral, not offset against derivative positions, was included in Other assets and Other liabilities, respectively, of which the amounts were ¥466 billion and ¥433 billion at March 31, 2014, and ¥674 billion and ¥737 billion at March 31, 2015, respectively.

Hedging activities

In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, and how effectiveness is to be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported immediately in earnings. The MHFG Group's hedging activities include fair value and net investment hedges.

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Fair value hedges

The MHFG Group primarily uses option and forward contracts to modify exposure to changes in the fair value of available-for-sale securities. For qualifying fair value hedges, all changes in the fair value of the derivative and the corresponding hedged item relating to the risk being hedged are recognized in earnings in Investment gains (losses)—net. The change in fair value of the portion of the hedging instruments excluded from the assessment of hedge effectiveness is recorded in Trading account gains (losses)—net. No ineffectiveness exists because the MHFG Group chooses to exclude changes in the option's time value and differences between the spot and the forward prices from the effectiveness test. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment.

The following table summarizes gains and losses information related to fair value hedges for the fiscal years ended March 31, 2013, 2014 and 2015:

	Gains (losses) recorded in income			Net gain (loss) excluded from assessment of effectiveness
	Derivatives	Hedged items	Hedge ineffectiveness	
2013				
			(in millions of yen)	
Interest rate contracts	44	(81)	—	(37)
Equity-related contracts	352	(394)	—	(42)
Total	<u>396</u>	<u>(475)</u>	<u>—</u>	<u>(79)</u>
2014				
			(in millions of yen)	
Equity-related contracts	801	(1,112)	—	(311)
Total	<u>801</u>	<u>(1,112)</u>	<u>—</u>	<u>(311)</u>
2015				
			(in millions of yen)	
Equity-related contracts	(29,666)	28,005	—	(1,661)
Total	<u>(29,666)</u>	<u>28,005</u>	<u>—</u>	<u>(1,661)</u>

Net investment hedges

The MHFG Group uses forward foreign exchange contracts and foreign currency-denominated debt instruments to protect the value of net investments in non-Japanese subsidiaries from foreign currency exposure. Under net investment hedges, both derivatives and nonderivative financial instruments qualify as hedging instruments. The foreign currency-denominated debt instruments qualifying as hedging instruments include deposits and long-term debt, of which the carrying amounts of the portion designated as net investment hedges are included within the respective items in the consolidated balance sheets as well as relevant accompanying notes. For net investment hedges, the change in the fair value of a hedging derivative instrument or nonderivative hedging financial

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instrument is recorded in Foreign currency translation adjustments within Accumulated other comprehensive income, provided that the hedging instrument is designated and is effective as a hedge of the net investment. The change in fair value of the ineffective portion is recorded in Foreign exchange gains (losses)—net in earnings. No amount is excluded from the assessment of hedge effectiveness of net investment hedges.

The following table summarizes gains and losses information related to net investment hedges for the fiscal years ended March 31, 2013, 2014 and 2015:

	Gains (losses) recorded in income and other comprehensive income (“OCI”)					
	2013		2014		2015	
	Effective portion recorded in OCI	Ineffective portion recorded in income	Effective portion recorded in OCI	Ineffective portion recorded in income	Effective portion recorded in OCI	Ineffective portion recorded in income
	(in millions of yen)					
Financial instruments						
hedging foreign						
exchange risk	(65,851)	(2,908)	(102,150)	(7,316)	(53,252)	(2,678)
Total	<u>(65,851)</u>	<u>(2,908)</u>	<u>(102,150)</u>	<u>(7,316)</u>	<u>(53,252)</u>	<u>(2,678)</u>

Note: Related to the effective portion of net investment hedges, the gains of ¥13,858 million was reclassified from Accumulated other comprehensive income to earnings for the fiscal year ended March 31, 2013. No amount related to the effective portion of net investment hedges was reclassified from Accumulated other comprehensive income to earnings for the fiscal years ended March 31, 2014 and 2015, respectively.

Derivative instruments not designated or qualifying as hedges

The MHFG Group enters into the following derivative transactions that do not qualify for hedge accounting with a view to implementing risk management hedging strategies: (1) interest-rate swap transactions for the purpose of hedging interest-rate risks in deposits, loans etc., (2) currency swap transactions for the purpose of hedging the foreign exchange risk of these assets, and (3) credit derivatives for the purpose of hedging the credit risk in loans, Residential mortgage-backed securities (“RMBS”), CMBS, CLO and other similar assets. Such derivatives are accounted for as trading positions. The changes in fair value of these instruments are primarily recorded in Trading account gains (losses)—net, even though they are used to mitigate or transform the risk of exposures arising from banking activities. The net gain (loss) resulting from changes in the fair value of certain credit derivatives where the Group purchases protection to mitigate its credit risk exposure, related to its corporate loan portfolio, is recorded in Other noninterest income (expenses).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes gains and losses on derivatives not designated or qualifying as hedges during the fiscal years ended March 31, 2013, 2014 and 2015:

	Gains (losses) recorded in income		
	2013	2014	2015
	(in millions of yen)		
Interest rate contracts ⁽¹⁾	219,422	(79,562)	265,324
Foreign exchange contracts	(91,300)	(13,167)	(93,601)
Equity-related contracts ⁽¹⁾	(59,421)	(41,296)	(100,326)
Credit-related contracts ⁽²⁾	(6,877)	(7,761)	(18,007)
Other contracts	(2,378)	(6,857)	368
Total	59,446	(148,643)	53,758

Notes:

- (1) The net gain (loss) excluded from the assessment of the effectiveness of fair value hedges is not included in the above table.
- (2) Amounts include the net loss of ¥6,703 million, ¥8,660 million and ¥2,836 million on the credit derivatives hedging the credit risk of loans during the fiscal years ended March 31, 2013, 2014 and 2015, respectively.

Credit derivatives

A credit derivative is a bilateral contract between a seller and a buyer of protection against the credit risk of a particular entity. Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined credit events, which include bankruptcy, dissolution or insolvency of the referenced entity. The MHFG Group either purchases or writes protection on either a single name or a portfolio of reference credits. The Group enters into credit derivatives to help mitigate credit risk in its corporate loan portfolio and other cash positions, to take proprietary trading positions, and to facilitate client transactions.

The notional amount of credit derivatives represents the maximum potential amount of future payments the seller could be required to make. If the predefined credit event occurs, the seller will generally have a right to collect on the underlying reference credit and any related cash flows, while being liable for the full notional amount of credit protection to the buyer. The Group manages credit risk associated with written protection by purchasing protection with identical or similar underlying reference credits, which substantially offsets its exposure. Thus, the notional amount is not necessarily a reliable indicator of the Group's actual loss exposure.

The following table summarizes the notional and fair value amounts of credit derivatives at March 31, 2014 and 2015:

	2014		2015	
	Notional amount	Fair value	Notional amount	Fair value
	(in billions of yen)			
Credit protection written:				
Investment grade	1,723	21	1,619	29
Non-investment grade	479	3	822	5
Total	2,202	24	2,441	34
Credit protection purchased	2,548	(9)	2,626	(28)

Note: The rating scale is based upon either the external ratings or the internal ratings of the underlying reference credit. The lowest investment grade rating is considered to be BBB-, while anything below or unrated is considered to be non-investment grade. Non-investment grade credit derivatives primarily consist of unrated credit default swap indices such as CDX and iTraxx.

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The following table shows the maximum potential amount of future payments for credit protection written by expiration period at March 31, 2014 and 2015:

	Maximum payout/Notional amount	
	2014	2015
	(in billions of yen)	
One year or less	325	343
After one year through five years	1,791	2,032
After five years	86	66
Total	<u>2,202</u>	<u>2,441</u>

Note: The maximum potential amount of future payments is the aggregate notional amount of the credit derivatives where the Group wrote the credit protection, and it has not been reduced by the effect of any amounts that the Group may possibly collect on the underlying assets and the related cash flows, nor netted against that of credit protection purchased.

Credit-related contingent features

Certain of the MHFG Group’s derivative instruments contain provisions that require the Group’s debt to maintain an investment grade credit rating from the major credit rating agencies. If the Group’s debt credit rating were to fall below investment grade, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments which are in net liability positions for the Group. The aggregate fair value of all derivative instruments with such credit-risk-related contingent features in net liability positions on March 31, 2014 and 2015 was ¥687 billion and ¥799 billion, respectively. As the Group has provided ¥614 billion and ¥755 billion as collateral to the counterparties in the normal course of its business on March 31, 2014 and 2015, respectively, if the contingent features described above were triggered on March 31, 2014 and 2015, the amount required to be posted as collateral or settled immediately would be ¥73 billion and ¥44 billion, respectively.

23. Commitments and contingencies

Obligations under guarantees

The MHFG Group provides guarantees or indemnifications to counterparties to enhance their credit standing and enable them to complete a variety of business transactions. A guarantee represents an obligation to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing arrangement or other contractual obligation.

The types of guarantees under ASC 460, “Guarantees” (“ASC 460”) provided by the MHFG Group are described below.

Performance guarantees

Performance guarantees are issued to guarantee customers’ performance under contractual arrangements such as a tender bid on a construction project or the completion of a construction project.

Guarantees on loans

Guarantees on loans include obligations to guarantee the customers’ borrowing contracts. The MHFG Group is required to make payments to the guaranteed parties in the event that customers fail to fulfill obligations under the contracts.

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Guarantees on securities

Guarantees on securities include obligations to guarantee securities, such as bonds issued by customers.

Other guarantees

Other guarantees include obligations to guarantee customers' payments, such as tax payments.

Guarantees for the repayment of trust principal

The MHFG Group provides certain trust products with guarantees for the repayment of trust principal, e.g., loan trusts and certain jointly operated designated money trusts. Pursuant to Japanese trust-related laws, trustees are prohibited from compensating beneficiaries for any loss in the beneficial interests in each trust. However, under a special condition of the Japanese trust-related laws, trust banks as trustees are allowed to enter into an agreement to provide compensation for any loss in the principal of the trust. The MHFG Group manages and administers the trust assets to minimize exposures against losses from the guarantees for the repayment of trust principal, including writing-off impaired loans and charging it to the trust account profits. In performing its fiduciary duties, the MHFG Group also manages the trust assets separately from its own proprietary assets on behalf of customers and keeps separate records for the trust activities. The MHFG Group consolidates certain guaranteed principal money trusts. See Note 24 "Variable interest entities and securitizations" for further discussion of the guaranteed principal money trusts. The contract amounts of guarantees for repayment of unconsolidated trust principal are presented in the tables below.

Part of the trust account profits is set aside as a reserve in trust accounts to absorb losses in the trust asset portfolios in accordance with relevant Japanese laws concerning the trust business and/or trust agreements. Statutory reserves for loan trusts and reserves for jointly operated designated money trusts are calculated based on the trust principal or the balance of loans and other assets in the trust accounts. Since the probability of principal indemnification is considered to be remote, the MHFG Group had no related reserve for credit losses recorded in its consolidated financial statements.

Liabilities of trust accounts

The MHFG Group, as trustee, may enter into an agreement with a third party who is not the party to the relevant trust agreement to the extent necessary to handle the trust affairs for the purpose of fulfilling the objectives of the trust and, as such, the trustee shall be allowed to assume certain liabilities. Pursuant to Japanese trust-related laws, the trustee is ultimately liable to pay those liabilities out of its proprietary assets in the event that the trust assets are insufficient to cover those liabilities. The amount of trust liabilities rarely exceeds the amount of trust assets and, therefore, those liabilities are generally covered by the corresponding trust assets. To avoid the demand for payment out of the proprietary assets, the trustee can enter into a special covenant of limited liability under which the trust creditors agree to limit the trustee's liability to the value of the trust assets and to waive the right for compulsory execution against the trustee's proprietary assets. The MHFG Group regularly monitors the condition of trust accounts to minimize exposures against making payment.

The amounts of such liabilities in the trust accounts, excluding those with the special covenant of limited liability, are presented in the tables below. Liabilities of trust accounts principally include obligations to return collateral under security lending transactions and other transactions.

Derivative financial instruments

Certain written options and credit default swaps are deemed guarantees pursuant to the definition of guarantees in ASC 460 if these contracts require the MHFG Group to make payments to counterparties based on changes in an

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underlying instrument or index that is related to an asset, a liability, or an equity security of the counterparties. The MHFG Group's payments could involve a gross settlement or a net settlement. Because it is difficult in practice to determine whether the counterparty has the asset, the liability or the equity security relating to the underlying, the MHFG Group has decided to include all credit default swaps and written options, excluding written options outside the scope of ASC 460, in the guarantee disclosures.

Carrying amount

The MHFG Group records all guarantees and similar obligations subject to ASC 460 at fair value in the consolidated balance sheets at the inception of the guarantee. The total carrying amount of guarantees and similar obligations at March 31, 2014 and 2015 was ¥422 billion and ¥493 billion, respectively, and was included in Other liabilities and Trading account liabilities. The total includes the carrying amounts of derivatives that are deemed to be guarantees, which amounted to ¥404 billion and ¥472 billion at March 31, 2014 and 2015, respectively.

Maximum exposure under guarantee contracts

The table below summarizes the remaining term and maximum potential amount of future payments by type of guarantee at March 31, 2014 and 2015. The maximum potential amount of future payments disclosed below represents the contractual amounts that could be required to be repaid in the event of the guarantees being executed, without consideration of possible recoveries under recourse provisions or from collateral held. With respect to written options included in derivative financial instruments in the table below, in theory, the MHFG Group is exposed to unlimited losses; therefore, the table shows the notional amounts of the contracts as a substitute for the maximum exposure.

The MHFG Group, when necessary, requires collateral such as cash, investment securities and real estate or third-party guarantees depending on the amount of credit risk involved, and employs means such as sub-participation to reduce the credit risk associated with guarantees. The maximum exposure or notional amount below does not represent the expected losses from the execution of the guarantees.

<u>2014</u>	<u>Maximum potential/Contractual or Notional amount</u>	<u>Amount by expiration period</u>		
		<u>One year or less</u>	<u>After one year through five years</u>	<u>After five years</u>
		(in billions of yen)		
Performance guarantees	1,985	1,125	708	152
Guarantees on loans	399	173	21	205
Guarantees on securities	170	42	128	—
Other guarantees	1,249	991	220	38
Guarantees for the repayment of trust principal	158	—	125	33
Liabilities of trust accounts	11,158	10,962	78	118
Derivative financial instruments	21,422	8,643	11,391	1,388

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<u>2015</u>	<u>Maximum potential/Contractual or Notional amount</u>	<u>Amount by expiration period</u>		
		<u>One year or less</u>	<u>After one year through five years</u>	<u>After five years</u>
		(in billions of yen)		
Performance guarantees	2,226	1,147	815	264
Guarantees on loans	325	103	47	175
Guarantees on securities	184	149	35	—
Other guarantees	1,556	1,112	360	84
Guarantees for the repayment of trust principal	140	—	110	30
Liabilities of trust accounts	14,936	14,756	51	129
Derivative financial instruments	22,216	11,163	9,754	1,299

The table below presents the maximum potential amount of future payments of performance guarantees, guarantees on loans, guarantees on securities and other guarantees classified based on internal ratings at March 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
	(in billions of yen)	
Investment grade	2,673	3,267
Non-investment grade	1,130	1,024
Total	<u>3,803</u>	<u>4,291</u>

Note: Investment grade in the internal rating scale generally corresponds to BBB- or above in the external rating scale.

Other off-balance-sheet instruments

In addition to guarantees, the MHFG Group issues other off-balance-sheet instruments to its customers, such as lending-related commitments and commercial letters of credit. Under the terms of these arrangements, the MHFG Group is required to extend credit or make certain payments upon the customers' requests.

Commitments to extend credit

Commitments to extend credit are legally binding agreements to lend to customers on demand. They usually have set maturity dates. These agreements differ from guarantees in that they are generally revocable or contain provisions that enable the MHFG Group to avoid payment or reduce the amount of credit extended under certain conditions, such as the deterioration of the borrower's financial condition or other reasonable conditions. The MHFG Group monitors the financial condition of the potential borrowers throughout the commitment period to determine whether additional collateral or changes in the terms of the commitment are necessary. Since many of these commitments to extend credit expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Commitments to invest in securities

Commitments to invest in securities include legally binding contracts to make additional contributions to investment funds, such as private equity funds in accordance with the terms of investment agreements.

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Commercial letters of credit

Commercial letters of credit are issued in connection with customers' trade transactions. Normally, the customers cannot receive the goods until they make payment to a bank, and therefore these commercial letters of credit are collateralized by the underlying goods. Upon issuance of commercial letters of credit, the MHFG Group monitors the credit risk associated with these transactions to determine if additional collateral is required.

The table below summarizes the contractual amounts with regard to these undrawn commitments at March 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
	<u>(in billions of yen)</u>	
Commitments to extend credit ^(Note)	59,402	71,750
Commercial letters of credit	<u>611</u>	<u>584</u>
Total	<u><u>60,013</u></u>	<u><u>72,334</u></u>

Note: Commitments to extend credit include commitments to invest in securities.

Allowance for losses on off-balance-sheet instruments

The amounts of allowance for losses on off-balance-sheet instruments at March 31, 2014 and 2015 were ¥121 billion and ¥118 billion, respectively.

Leases

The MHFG Group leases certain office space and equipment under noncancelable agreements. The lease periods for these leases range from less than 1 year to around 30 years. These leases include cancellation clauses with penalties of a maximum of approximately 5 years-worth of rentals and/or periodic adjustment clauses of rentals. Future minimum lease payments for capitalized leases and future minimum rental payments for operating leases at March 31, 2015 were as follows:

	<u>Capitalized leases</u>	<u>Operating leases</u>
	<u>(in millions of yen)</u>	
Fiscal year ending March 31:		
2016	7,601	48,614
2017	6,786	44,069
2018	6,089	39,267
2019	5,339	33,699
2020	3,346	30,706
2021 and thereafter	<u>1,060</u>	<u>54,040</u>
Total minimum lease/rental payments	<u><u>30,221</u></u>	<u><u>250,395</u></u>
Amount representing interest	<u>1,092</u>	
Present value of minimum lease payments	<u><u>29,129</u></u>	

Total rental expense for the fiscal years ended March 31, 2013, 2014 and 2015 was ¥98,459 million, ¥95,941 million and ¥109,390 million, respectively.

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During prior years, the MHFG Group's major banking subsidiaries sold their head offices (including land, buildings, facilities and equipment) to third parties. Concurrent with the sales, these subsidiaries leased the properties back for periods of 5 and 10 years for total rental payments for these periods of ¥214,690 million. The terms of certain lease agreements were changed during the fiscal years ended March 31, 2009, 2011, 2012 and 2014, and the total rental payments for these periods increased to ¥282,832 million, as a consequence. The MHFG Group accounted for the transactions as operating leases. The future minimum rental payments under the terms of the related lease agreements were ¥15,907 million, ¥69,556 million and ¥58,336 million at March 31, 2013, 2014 and 2015, respectively.

During the fiscal year ended March 31, 2014, MHFG began to lease its head office from a third party and accounted for the lease arrangement as operating lease.

Legal proceedings

The MHFG Group is involved in normal collection proceedings initiated by the Group and other legal proceedings in the ordinary course of business.

The Group's Indonesian subsidiary acts as the 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 the subsidiary has been named as a defendant in a lawsuit brought by the obligors under the bonds in Indonesia. The Group's consolidated financial statements do not include a reserve in relation to this dispute because the Group does not believe that the resolution of this matter will have a significant impact on the consolidated financial condition or results of operations of the Group, although there can be no assurance as to the foregoing.

24. Variable interest entities and securitizations

Variable interest entities

In the normal course of business, the MHFG Group is involved with VIEs primarily through the following types of transactions: asset-backed commercial paper/loan programs, asset-backed securitizations, investments in securitization products, investment funds, trust arrangements, and structured finance. The Group consolidates certain of these VIEs, where the Group is deemed to be the primary beneficiary because it has both (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The MHFG Group reassesses whether it is primary beneficiary on an ongoing basis as long as the Group has any continuing involvement with the VIE. There are also other VIEs, where the Group has determined that it is not the primary beneficiary but has significant variable interests. In evaluating the significance of the variable interests, the Group comprehensively takes into consideration the extent of its involvement with each VIE, such as the seniority of its investments, the share of its holding in each tranche and the variability it expects to absorb, as well as other relevant facts and circumstances. The likelihood of loss is not necessarily relevant to the determination of significance, and therefore, "significant" does not imply that there is high likelihood of loss. The maximum exposure to loss that is discussed in this section refers to the maximum loss that the Group could be required to record in its consolidated statements of income as a result of its involvement with the VIE. This represents exposures associated with both on-balance-sheet assets and off-balance-sheet liabilities related to the VIE. Further, this maximum potential loss is disclosed regardless of the probability of such losses and, therefore, it is not indicative of the ongoing exposure which is managed within the Group's risk management framework.

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The table below shows the consolidated assets of the Group's consolidated VIEs as well as total assets and maximum exposure to loss for its significant unconsolidated VIEs, as of March 31, 2014 and 2015:

<u>2014</u>	<u>Consolidated VIEs</u>	<u>Significant unconsolidated VIEs</u>	
	<u>Consolidated assets</u>	<u>Total assets</u>	<u>Maximum exposure to loss</u>
	(in billions of yen)		
Asset-backed commercial paper/loan programs	2,403	—	—
Asset-backed securitizations	423	385	39
Investments in securitization products	181	531	200
Investment funds	1,508	2,935	387
Trust arrangements and other	38	—	—
Total	<u>4,553</u>	<u>3,851</u>	<u>626</u>

<u>2015</u>	<u>Consolidated VIEs</u>	<u>Significant unconsolidated VIEs</u>	
	<u>Consolidated assets</u>	<u>Total assets</u>	<u>Maximum exposure to loss</u>
	(in billions of yen)		
Asset-backed commercial paper/loan programs	2,610	—	—
Asset-backed securitizations	427	291	19
Investments in securitization products	338	445	154
Investment funds	2,483	2,094	301
Trust arrangements and other	27	—	—
Total	<u>5,885</u>	<u>2,830</u>	<u>474</u>

The Group has not provided financial or other support to consolidated or unconsolidated VIEs that the Group was not previously contractually required to provide.

The tables below present the carrying amounts and classification of assets and liabilities on the MHFG Group's balance sheets that relate to its variable interests in significant unconsolidated VIEs, as of March 31, 2014 and 2015:

<u>Assets on balance sheets related to unconsolidated VIEs:</u>	<u>2014</u>	<u>2015</u>
	(in billions of yen)	
Trading account assets	29	60
Investments	222	187
Loans	316	217
Total	<u>567</u>	<u>464</u>

<u>Liabilities on balance sheets and maximum exposure to loss related to unconsolidated VIEs:</u>	<u>2014</u>	<u>2015</u>
	(in billions of yen)	
Payables under securities lending transactions	4	19
Total	<u>4</u>	<u>19</u>
Maximum exposure to loss ^(Note)	<u>626</u>	<u>474</u>

Note: This represents the amount the Group could be required to record in its consolidated statements of income associated with on-balance-sheet exposures and off-balance-sheet liabilities such as undrawn commitments.

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Asset-backed commercial paper/loan programs

The MHFG Group manages several asset-backed commercial paper/loan programs that provide its clients' off-balance-sheet and/or cost-effective financing. The VIEs used in the programs purchase financial assets, primarily receivables, from clients participating in the programs and provide liquidity through the issuance of commercial paper or borrowings from the MHFG Group backed by the financial assets. While customers normally continue to service the transferred receivables, the MHFG Group underwrites, distributes, and makes a market in commercial paper issued by the conduits. The MHFG Group typically provides program-wide liquidity and credit support facilities and, in some instances, financing to the VIEs. The MHFG Group has the power to determine which assets will be held in the VIEs and has an obligation to monitor these assets. The Group is also responsible for liability management. In addition, through the liquidity and credit support facilities with the VIEs, the Group has the obligation to absorb losses that could potentially be significant to the VIEs. Therefore, the Group consolidates this type of VIEs.

Asset-backed securitizations

The MHFG Group acts as an arranger of various types of structured finance to meet clients' off-balance-sheet financing needs. In substantially all of these structured financing transactions, the transfer of the financial asset by the client is structured to be bankruptcy remote by use of a bankruptcy remote entity, which is deemed to be a VIE because its equity holder does not have decision making rights. The MHFG Group receives fees for structuring and/or distributing the securities sold to investors. In some cases, the MHFG Group itself purchases the securities issued by the entities and/or provides loans to the VIEs.

In addition, the MHFG Group establishes several single-issue and multi-issue special purpose entities that issue collateralized debt obligations ("CDO") or CLO, synthetic CDO/CLO or other repackaged instruments to meet clients' and investors' financial needs. The MHFG Group also arranges securitization transactions including CMBS, RMBS and others. In these transactions, the MHFG Group acts as an underwriter, placement agent, asset manager, derivatives counterparty, and/or investor in debt and equity instruments.

In certain VIEs, where the MHFG Group provides liquidity and credit support facilities, writes credit protection or invests in debt or equity instruments in its role as an arranger, servicer, administrator or asset manager, etc., the Group has the power to determine which assets will be held in the VIEs or to manage and monitor these assets. In addition, through the variable interests above, the Group has the obligation to absorb losses and the right to receive benefits that could potentially be significant to the VIEs. Therefore, the Group consolidates such VIEs.

The MHFG Group established certain VIEs to securitize its own mortgage loans. The Group provides servicing for and holds retained subordinated beneficial interests in the securitized mortgage loans. In addition, the Group retains credit exposure in the form of guarantees on these loans. In its role as a servicer, the Group has the power to direct the entity's activities that most significantly impact the entity's economic performance by managing defaulted mortgage loans. In addition, through its retained interests and its aforementioned involvement as a guarantor, the Group has the obligation to absorb losses and the right to receive benefits that could potentially be significant to the entity. Therefore, the Group consolidates such VIEs.

Investments in securitization products

The MHFG Group invests in, among other things, various types of CDO/CLO, synthetic CDO/CLO and repackaged instruments, CMBS and RMBS arranged by third parties for the purpose of generating current income or capital appreciation, which all utilize entities that are deemed to be VIEs. By design, such investments

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were investment grade at issuance and held by a diverse group of investors. The potential loss amounts of the securities and the loans are generally limited to the amounts invested because the Group has no contractual involvement in such VIEs beyond its investments. Since the Group is involved in these VIEs only as an investor, the Group does not ordinarily have the power to direct the VIEs' activities that most significantly impact the VIEs' economic performance. However, the Group consolidates VIEs, where the transactions are tailored by the third party arrangers to meet the Group's needs as a main investor, who is ultimately deemed to have the power to determine which assets are to be held by the VIEs. The Group also invests in certain beneficial interests issued by VIEs which hold real estate that the Group utilizes. In addition to these variable interests, when the Group has the power including the sole unilateral ability to liquidate the VIEs, the Group consolidates such VIEs.

Investment funds

The MHFG Group invests in various investment funds, including securities investment trusts, which collectively invest in equity and debt securities that include listed Japanese securities and investment grade bonds. Investment advisory companies or fund management companies, including the Group's subsidiaries and affiliates, administer and make investment decisions about such investment funds. The Group consolidates certain investment funds where it is deemed to be the primary beneficiary. The Group has determined that certain investment vehicles managed by the Group that have attributes of an investment company (or similar entity) qualify for the deferral from certain requirements of ASC 810 that originated from Statement of Financial Accounting Standards ("SFAS") No.167 "Amendments to FASB Interpretation No.46(R)" ("SFAS No.167"). Therefore, for these vehicles, the Group determines whether it is the primary beneficiary by evaluating whether it absorbs the majority of expected losses, receives the majority of expected residual returns, or both.

Trust arrangements

The MHFG Group offers a variety of asset management and administration services under trust arrangements including security investment trusts, pension trusts and trusts used in the securitization of assets originated by and transferred to third parties. The Group receives trust fees for providing services as an agent or fiduciary on behalf of beneficiaries.

With respect to guaranteed principal money trust products, the MHFG Group assumes certain risks by providing guarantees for the repayment of principal as required by the trust agreements or relevant Japanese legislation. The MHFG Group manages entrusted funds primarily through the origination of high quality loans and other credit-related products, investing in investment grade marketable securities such as Japanese government bonds and placing cash with the MHFG Group's subsidiary trust banks. The Group has the power to determine which assets will be held in the VIEs or to manage these assets. In addition, through the principal guarantee agreement, the Group has the obligation to absorb losses that could potentially be significant to the VIEs. Therefore, the Group consolidates this type of VIEs. However, the MHFG Group does not consolidate certain guaranteed principal money trusts, which invest all the entrusted funds in the MHFG Group itself, as the Group has determined that it has no variable interests (Refer to Note 10 "Due to trust accounts"). See Note 23 "Commitments and contingencies" for the balances of guaranteed trust principal that are not consolidated at March 31, 2014 and 2015.

With respect to non-guaranteed trust arrangements, the MHFG Group manages and administers assets on behalf of its customers (trust beneficiaries) in the capacity of a trustee and fiduciary. For substantially all non-guaranteed trust arrangements, the Group generally does not have the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance or has neither the obligation to absorb losses nor the right to receive benefits that could potentially be significant to the VIEs. Therefore, such trust accounts are not included in the consolidated financial statements of the MHFG Group.

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The Group has determined that, in certain trust arrangements that have attributes of an investment company (or similar entity), certain requirements of ASC 810 that originated from SFAS No.167 are deferred. Therefore, for these trust arrangements, the Group determines whether it is the primary beneficiary by evaluating whether it absorbs the majority of expected losses, receives the majority of expected residual returns, or both.

Special purpose entities created for structured finance

The MHFG Group is involved in real estate, commercial aircraft and other vessel and machinery and equipment financing to VIEs. As the Group typically only provides senior financing with credit enhanced by subordinated interests and may sometimes act as an interest rate swap counterparty, the Group has determined that, in this type of VIEs, it does not have the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance, or even the significant variable interests.

Securitization

The MHFG Group engages in securitization activities and securitizes mortgage loans, other loans, government and corporate securities and other type of financial assets in the normal course of business. In these securitization transactions, the Group records the transfer of a financial asset as a sale when the accounting criteria for a sale under ASC 860 are met. These criteria are (1) the transferred financial assets are legally isolated from the Group's creditors, (2) the transferee or beneficial interest holder has the right to pledge or exchange the transferred financial assets, and (3) the Group does not maintain effective control over the transferred financial assets. Otherwise, the transfer is accounted for as a secured borrowing.

For the fiscal years ended March 31, 2013, 2014 and 2015, the MHFG Group neither made significant transfers of financial assets nor recognized significant gains or losses in securitization transactions accounted for as sales. The Group did not retain significant interests in securitization transactions accounted for as sales as of March 31, 2014 and 2015.

There are certain transactions where transfers of financial assets do not qualify for aforementioned sales criteria and are accounted for as secured borrowings. These transferred assets continue to be carried on the consolidated balance sheets of the MHFG Group. Such assets are associated with securitization transactions and loan participation transactions, which amounted to ¥181 billion and ¥79 billion as of March 31, 2014, and ¥220 billion and ¥83 billion as of March 31, 2015, respectively. Liabilities associated with securitization and loan participation transactions are presented as Payables under securities lending transactions and Other short-term borrowings or Long-term debt, respectively, on the consolidated balance sheets.

25. Fee and commission income

Details of Fee and commission income for the fiscal years ended March 31, 2013, 2014 and 2015 are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Securities-related business	132,787	170,311	172,234
Deposits and lending business	113,989	114,073	131,491
Remittance business	104,574	108,534	110,181
Trust fees	45,621	48,914	49,827
Fees for other customer services	<u>215,837</u>	<u>233,931</u>	<u>251,924</u>
Total	<u>612,808</u>	<u>675,763</u>	<u>715,657</u>

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Securities-related business fees consist of broker's fees and markups on securities underwriting and other securities related activities. Remittance business fees consist of service charges for funds transfer and collections. Trust fees are earned primarily by fiduciary asset management and administration services for corporate pension plans, investment funds, and other. Fees for other customer services include fees related to the MHFG Group's agency business, guarantee related business, and other.

26. Trading account gains and losses

The MHFG Group performs trading activities through market making, sales, and arbitrage. Accordingly, 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 the Group seeks 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 the Group's 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 for which the fair value option has been elected in accordance with ASC 825, "Financial Instruments" ("ASC 825"). Net trading gains (losses) for the fiscal years ended March 31, 2013, 2014 and 2015 are comprised of the following:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Trading account gains (losses)—net:			
Trading securities	468,029	80,606	635,027
Derivative contracts:			
Interest rate contracts ⁽¹⁾	219,385	(79,562)	265,324
Foreign exchange contracts	(91,300)	(13,167)	(93,601)
Equity-related contracts ⁽¹⁾	(59,462)	(41,607)	(101,988)
Credit-related contracts ⁽²⁾	(174)	899	(15,171)
Other contracts	(2,378)	(6,856)	368
Total	534,100	(59,687)	689,959
Foreign exchange gains (losses)—net ⁽³⁾	20,514	25,631	(34,520)
Net trading gains (losses)	<u>554,614</u>	<u>(34,056)</u>	<u>655,439</u>

Notes:

- (1) The net gain (loss) excluded from the assessment of the effectiveness of fair value hedges is included in the above table.
- (2) Amounts do not include the net loss of ¥6,703 million, ¥8,660 million and ¥2,836 million on the credit derivatives hedging the credit risk of loans during the fiscal years ended March 31, 2013, 2014 and 2015, respectively. The net loss is recorded in Other noninterest expenses.
- (3) Amounts include realized and unrealized gains and losses on both derivative instruments and nonderivative instruments, such as translation gains and losses related to foreign currency-denominated available-for-sale securities for which the fair value option has been elected in accordance with ASC 825.

27. Fair value

Fair value measurements

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which

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requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In addition, ASC 820 precludes (1) the deferral of gains and losses at inception of certain derivative contracts whose fair value was not evidenced by market-observable data, and (2) the use of block discounts when measuring the fair value of instruments traded in an active market, which were previously applied to large holdings of publicly traded financial instruments.

Fair value hierarchy

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The standard describes 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, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Valuation process

The MHFG Group has established clear valuation policies which govern the principles of fair value measurements and the authority and duty of each department. The Group has also established well-documented procedure manuals which describe valuation techniques and related inputs for determining the fair values of various financial instruments. The policies require that the measurement of fair values be carried out in accordance with the procedures by the risk management departments or the back offices which are independent from the front offices. The policies also require the risk management departments to check and verify whether the valuation methodologies defined in the procedure manuals are fair and proper and the internal audit departments to periodically review the compliance with the procedures throughout the Group. Although the valuation methodologies and related inputs are consistently used from period to period, a change in the market environment sometimes leads to a change in the valuation methodologies and the inputs. For instance, a change in market liquidity due to a delisting or a new listing is one of the key drivers of revisions to the valuation methodologies and the inputs. The key drivers also include the availability or the lack of market observable inputs and the development of new valuation methodologies. Price verification performed through the Group's internal valuation process has an important role in identifying whether the valuation methodologies and the inputs need to be changed. The internal valuation process over the prices broker-dealers provide, primarily for Japanese securitization products, is described in more detail below in "*Investments*". A change in the valuation methodologies and/or the inputs requires the revision of the valuation policies and procedure manuals, which is required to be approved by the appropriate authority, either the CEO, the head of risk management, and/or accounting, depending on the nature and characteristics of the change.

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The following is a description of valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis, including the general classification of such instruments pursuant to the fair value hierarchy and the MHFG Group's valuation techniques used to measure fair values. During the fiscal year ended March 31, 2015, there were no significant changes made to the Group's valuation techniques and related inputs.

Trading securities and trading securities sold, not yet purchased

When quoted prices for identical securities are available in an active market, the Group uses the quoted prices to measure the fair values of securities and such securities are classified in Level 1 of the fair value hierarchy. Level 1 securities include highly liquid government bonds and Ginnie Mae securities. When quoted prices for identical securities are available, but not actively traded, such securities are classified in Level 2 of the fair value hierarchy. When no quoted market prices are available, the Group estimates fair values by using a pricing model with inputs that are observable in the market and such securities are classified in Level 2 of the fair value hierarchy. Level 2 securities include Japanese local government bonds, corporate bonds, and commercial paper. When less liquid market conditions exist for securities, the quoted prices are stale or the prices from independent sources vary significantly, such securities are generally classified in Level 3 of the fair value hierarchy. The fair values of foreign currency denominated securitization products such as RMBS, CMBS, and ABS are determined primarily by using a discounted cash flow model. The key inputs used for the model include default rates, recovery rates, prepayment rates, and discount rates. In the event that certain key inputs are unobservable or cannot be corroborated by observable market data, these financial instruments are classified in Level 3.

The investment funds are classified in either Level 1, Level 2, or Level 3 of the fair value hierarchy. Exchange-Traded Funds ("ETF") are generally classified in Level 1, while the others are classified in Level 2 or Level 3. Investment trusts and hedge funds are generally classified in Level 2, since those funds are measured at the net asset value ("NAV") per share and the Group has the ability to redeem its investment with the investees at the NAV per share at the measurement date or within the near term. In contrast, private equity funds and real estate funds measured at the NAV per share are generally classified in Level 3, since the Group does not have the ability to redeem its investment with the investees at the NAV per share at the measurement date or within the near term. It is estimated that the underlying assets of the funds would be liquidated within a ten-year period.

Derivative financial instruments

Exchange-traded derivatives are valued using quoted market prices and consequently are classified in Level 1 of the fair value hierarchy. However, the majority of derivatives entered into by the Group are executed over-the-counter and are valued using internal valuation techniques as no quoted market prices are available for such instruments. The valuation techniques depend on the type of derivatives. The principal techniques used to value these instruments are discounted cash flow models and the Black-Scholes option pricing model, which are widely accepted in the financial services industry. The key inputs vary by the type of derivatives and the nature of the underlying instruments and include interest rate yield curves, foreign exchange rates, the spot price of the underlying, volatility and correlation. Each item is classified in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Level 2 derivatives include plain vanilla interest rate and currency swaps and option contracts. Derivative contracts valued using significant unobservable correlation or volatility are classified in Level 3 of the fair value hierarchy.

Investments

The fair values of available-for-sale securities are determined primarily using the same procedures described for trading securities above. Since private placement bonds have no quoted market prices, the fair values of such bonds are estimated based on a discounted cash flow model using interest rates approximating the current rates

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for instruments with similar maturities and credit risk. Private placement bonds are classified in either Level 2 or Level 3 depending on the observability of the significant inputs to the model, such as credit risk. The fair values of Japanese securitization products such as RMBS, CMBS, CDO, ABS, and CLO are generally based upon single non-binding quoted prices from broker-dealers. Such quotes are validated through the Group's internal processes and controls. In the rare case where the Group finds the quoted prices to be invalid through its internal valuation process, it adjusts those prices or alternatively estimates their fair values by using a discounted cash flow model to incorporate the Group's estimates of key inputs such as the most recent value of each underlying asset, cash flows of the underlying assets, and discount margin. The validation of such prices varies depending on the nature and type of the products. For the majority of RMBS, CDO, ABS and CLO products, broker quotes are validated by investigating significant unusual monthly valuation fluctuations and comparing to prices internally computed through discounted cash flow models using assumptions and parameters provided by brokers such as the cash flows of underlying assets, yield curve, prepayment speed and credit spread. For the majority of CMBS, the Group validates broker quotes through a review process that includes the investigation of significant unusual monthly valuation fluctuations and/or a review of underlying assets with significant differences between the valuations of the Group and the broker-dealers being identified. Though most Japanese securitization products are classified in Level 3, certain securitization products such as Japanese RMBS are classified in Level 2, if the quoted prices are verified through either recent market transactions or a pricing model that can be corroborated by observable market data.

Other investments, except for investments held by consolidated investment companies, have not been measured at fair value on a recurring basis. Investments held by consolidated investment companies mainly consist of marketable and non-marketable equity securities and debt securities. The fair value of the marketable equity securities is based upon quoted market prices. The fair value of the non-marketable equity securities is based upon significant management judgment, as very limited quoted prices exist. When evaluating such securities, the Group firstly considers recent market transactions of identical securities, if applicable. Thereafter, the Group uses commonly accepted valuation techniques such as earnings multiples based on comparable public securities. Non-marketable equity securities are generally classified in Level 3 of the fair value hierarchy. The fair value of the debt securities is estimated using a discounted cash flow model, since they have no quoted market prices. Those debt securities are classified in Level 3, because the credit risk is unobservable.

Long-term debt

Where fair value accounting has been elected for structured notes, the fair values are determined by incorporating the fair values of embedded derivatives that are primarily derived by using the same procedures described for derivative financial instruments above. Such instruments are classified in Level 2 or Level 3 depending on the observability of significant inputs to the model used in determining the fair value of the embedded derivatives.

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Items measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at March 31, 2014 and 2015, including those for which the MHFG Group has elected the fair value option, are summarized below:

<u>2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets/ Liabilities measured at fair value</u>
	(in billions of yen)			
Assets:				
Trading securities ⁽¹⁾ :				
Japanese government bonds	3,360	50	—	3,410
Japanese local government bonds	—	74	—	74
U.S. Treasury bonds and federal agency securities	3,541	486	—	4,027
Other foreign government bonds	2,567	274	—	2,841
Agency mortgage-backed securities	1,390	364	—	1,754
Residential mortgage-backed securities	—	—	78	78
Commercial mortgage-backed securities	—	2	91	93
Certificates of deposit and commercial paper	—	969	—	969
Corporate bonds and other	38	1,671	413	2,122
Equity securities	714	579	60	1,353
Derivatives:				
Interest rate contracts	43	7,997	24	8,064
Foreign exchange contracts	6	2,331	17	2,354
Equity-related contracts	60	124	13	197
Credit-related contracts	—	28	21	49
Other contracts	1	18	4	23
Available-for-sale securities:				
Japanese government bonds	20,912	1,144	—	22,056
Japanese local government bonds	—	245	—	245
U.S. Treasury bonds and federal agency securities	154	—	—	154
Other foreign government bonds	280	441	—	721
Agency mortgage-backed securities	105	856	—	961
Residential mortgage-backed securities	—	112	220	332
Commercial mortgage-backed securities	—	—	161	161
Japanese corporate bonds and other debt securities	—	1,858	170	2,028
Foreign corporate bonds and other debt securities	1	427	141	569
Equity securities (marketable)	3,348	74	—	3,422
Other investments	2	—	69	71
Total assets measured at fair value on a recurring basis ⁽²⁾	<u>36,522</u>	<u>20,124</u>	<u>1,482</u>	<u>58,128</u>
Liabilities:				
Trading securities sold, not yet purchased	3,862	488	—	4,350
Derivatives:				
Interest rate contracts	42	7,846	7	7,895
Foreign exchange contracts	5	2,340	6	2,351
Equity-related contracts	58	108	12	178
Credit-related contracts	—	30	4	34
Other contracts	1	12	4	17
Long-term debt ⁽³⁾	—	157	501	658
Total liabilities measured at fair value on a recurring basis	<u>3,968</u>	<u>10,981</u>	<u>534</u>	<u>15,483</u>

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<u>2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets/ Liabilities measured at fair value</u>
	(in billions of yen)			
Assets:				
Trading securities ⁽¹⁾ :				
Japanese government bonds	1,680	32	—	1,712
Japanese local government bonds	—	72	—	72
U.S. Treasury bonds and federal agency securities	4,759	134	—	4,893
Other foreign government bonds	2,093	344	—	2,437
Agency mortgage-backed securities	1,132	376	—	1,508
Residential mortgage-backed securities	—	—	29	29
Commercial mortgage-backed securities	—	2	4	6
Certificates of deposit and commercial paper	—	813	—	813
Corporate bonds and other	42	1,802	639	2,483
Equity securities	1,045	864	60	1,969
Derivatives:				
Interest rate contracts	71	9,516	25	9,612
Foreign exchange contracts	17	3,577	11	3,605
Equity-related contracts	58	134	5	197
Credit-related contracts	—	41	1	42
Other contracts	1	22	15	38
Available-for-sale securities:				
Japanese government bonds	16,672	742	—	17,414
Japanese local government bonds	—	239	—	239
U.S. Treasury bonds and federal agency securities	117	—	—	117
Other foreign government bonds	415	551	—	966
Agency mortgage-backed securities	87	735	—	822
Residential mortgage-backed securities	—	97	166	263
Commercial mortgage-backed securities	—	—	169	169
Japanese corporate bonds and other debt securities	—	1,787	155	1,942
Foreign corporate bonds and other debt securities	—	657	85	742
Equity securities (marketable)	4,362	35	—	4,397
Other investments	—	—	53	53
Total assets measured at fair value on a recurring basis ⁽²⁾	<u>32,551</u>	<u>22,572</u>	<u>1,417</u>	<u>56,540</u>
Liabilities:				
Trading securities sold, not yet purchased	2,856	345	—	3,201
Derivatives:				
Interest rate contracts	74	9,293	7	9,374
Foreign exchange contracts	14	3,590	3	3,607
Equity-related contracts	73	129	19	221
Credit-related contracts	—	34	2	36
Other contracts	1	17	15	33
Long-term debt ⁽³⁾	—	153	587	740
Total liabilities measured at fair value on a recurring basis	<u>3,018</u>	<u>13,561</u>	<u>633</u>	<u>17,212</u>

Notes:

- (1) Trading securities include foreign currency denominated securities for which the MHFG Group elected the fair value option.
- (2) Amounts included the investments measured at the NAV per share at March 31, 2014 and 2015, of ¥649 billion and ¥878 billion, respectively, of which ¥612 billion and ¥842 billion, respectively, were classified in Level 2, and ¥37 billion and ¥36 billion, respectively, were classified in Level 3. The amounts of unfunded commitments related to these investments at March 31, 2014 and 2015 were ¥23 billion and ¥25 billion, respectively.
- (3) Amounts represent items for which the Group elected the fair value option.

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Items measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The following table presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the fiscal years ended March 31, 2014 and 2015:

2014	April 1, 2013	Gains (losses) in Earnings	Gains (losses) in OCI	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Issuances	Settlements	March 31, 2014	Change in unrealized gains (losses) still held ⁽⁶⁾
	(in billions of yen)										
Assets:											
Trading securities:											
Residential mortgage-backed securities	100	10 ⁽²⁾	—	—	—	—	(4)	—	(28)	78	7
Commercial mortgage-backed securities	91	5 ⁽²⁾	—	—	—	—	—	—	(5)	91	4
Corporate bonds and other	417	55 ⁽²⁾	—	4	(12)	503	(442)	—	(112)	413	35
Equity securities	71	6 ⁽²⁾	—	—	—	8	(24)	—	(1)	60	—
Derivatives, net ⁽¹⁾ :											
Interest rate contracts	11	6 ⁽²⁾	—	(1)	—	—	—	—	1	17	11
Foreign exchange contracts	17	(3) ⁽²⁾	—	—	—	—	—	—	(3)	11	5
Equity-related contracts	7	(6) ⁽²⁾	—	—	—	—	—	—	—	1	(7)
Credit-related contracts	20	(6) ⁽²⁾	—	—	1	—	—	—	2	17	(6)
Other contracts	1	— ⁽²⁾	—	—	—	—	—	—	(1)	—	—
Available-for-sale securities:											
Residential mortgage-backed securities	292	(1) ⁽³⁾	5 ⁽⁴⁾	—	—	5	(9)	—	(72)	220	—
Commercial mortgage-backed securities	250	5 ⁽³⁾	(2) ⁽⁴⁾	—	—	36	(18)	—	(110)	161	(1)
Japanese corporate bonds and other debt securities	215	— ⁽³⁾	— ⁽⁴⁾	—	(30)	60	(1)	—	(74)	170	—
Foreign corporate bonds and other debt securities	202	8 ⁽³⁾	(1) ⁽⁴⁾	7	—	—	—	—	(75)	141	—
Other investments	75	(2) ⁽³⁾	—	—	(2)	7	(2)	—	(7)	69	(2)
Liabilities:											
Long-term debt	381	4 ⁽⁵⁾	—	1	(1)	—	—	197	(73)	501	5

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2015	April 1, 2014	Gains (losses) in Earnings	Gains (losses) in OCI	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Issuances	Settlements	March 31, 2015	Change in unrealized gains (losses) still held ⁽⁶⁾
	(in billions of yen)										
Assets:											
Trading securities:											
Residential mortgage-backed securities	78	— ⁽²⁾	—	—	—	—	(33)	—	(16)	29	—
Commercial mortgage-backed securities	91	— ⁽²⁾	—	—	—	2	(76)	—	(13)	4	—
Corporate bonds and other	413	62 ⁽²⁾	—	4	(24)	561	(262)	—	(115)	639	47
Equity securities	60	13 ⁽²⁾	—	—	—	6	(18)	—	(1)	60	3
Derivatives, net ⁽¹⁾ :											
Interest rate contracts	17	(6) ⁽²⁾	—	—	1	—	—	—	6	18	(1)
Foreign exchange contracts	11	(3) ⁽²⁾	—	—	—	—	—	—	—	8	(2)
Equity-related contracts	1	(12) ⁽²⁾	—	—	—	—	—	—	(3)	(14)	(12)
Credit-related contracts	17	(19) ⁽²⁾	—	—	—	—	—	—	1	(1)	—
Available-for-sale securities:											
Residential mortgage-backed securities	220	10 ⁽³⁾	(10) ⁽⁴⁾	—	—	16	(21)	—	(49)	166	—
Commercial mortgage-backed securities	161	4 ⁽³⁾	(2) ⁽⁴⁾	—	—	77	(26)	—	(45)	169	—
Japanese corporate bonds and other debt securities	170	(1) ⁽³⁾	1 ⁽⁴⁾	—	—	39	(8)	—	(46)	155	—
Foreign corporate bonds and other debt securities	141	6 ⁽³⁾	(1) ⁽⁴⁾	—	—	—	(2)	—	(59)	85	—
Other investments	69	12 ⁽³⁾	—	—	—	2	(18)	—	(12)	53	8
Liabilities:											
Trading securities sold, not yet purchased											
Long-term debt	501	— ⁽²⁾	—	—	—	3	(3)	—	—	—	—
		(5) ⁽⁵⁾	—	3	(2)	—	—	313	(233)	587	(4)

Notes:

- (1) Total Level 3 derivative exposures have been netted on the table for presentation purposes only.
- (2) Gains (losses) in Earnings are reported in Trading account gains (losses)—net, Foreign exchange gains (losses)—net or Other noninterest income (expenses).
- (3) Gains (losses) in Earnings are reported in Investment gains (losses)—net.
- (4) Gains (losses) in OCI are reported in Other comprehensive income (loss).
- (5) Gains (losses) in Earnings are reported in Other noninterest income (expenses).
- (6) Amounts represent total gains or losses recognized in earnings during the period. These gains or losses were attributable to the change in fair value relating to assets and liabilities classified as Level 3 that were still held at March 31, 2014 and 2015.

Transfers between levels

Transfers of assets or liabilities between levels of the fair value hierarchy are assumed to occur at the beginning of the period.

During the fiscal year ended March 31, 2014, the transfers into Level 3 included ¥4 billion of Trading securities, ¥1 billion of net Derivative liabilities, ¥7 billion of Available-for-sale securities and ¥1 billion of Long-term debt. Transfers into Level 3 for Trading securities and Available-for-sale securities were primarily due to decreased liquidity for certain foreign corporate bonds. Transfers into Level 3 for net Derivative liabilities were primarily due to decreased price observability for certain interest rate derivatives. Transfers into Level 3 for Long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured notes. During the fiscal year ended March 31, 2014, the transfers out of Level 3 included ¥12 billion of Trading securities, ¥1 billion of net Derivative liabilities, ¥30 billion of Available-for-sale securities, ¥2 billion of Other investments and ¥1 billion of Long-term debt. Transfers out of Level 3 for Trading securities were primarily due

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to increased liquidity for certain foreign corporate bonds. Transfers out of Level 3 for net Derivative liabilities were primarily due to increased price observability for certain credit derivatives. Transfers out of Level 3 for Available-for-sale securities were primarily due to increased liquidity for certain Japanese corporate bonds and other debt securities. Transfers out of Level 3 for Other investments were caused by a new listing of certain non-marketable equity securities. Transfers out of Level 3 for Long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured loans.

During the fiscal year ended March 31, 2015, the transfers into Level 3 included ¥4 billion of Trading securities and ¥3 billion of Long-term debt. Transfers into Level 3 for Trading securities were primarily due to decreased liquidity for certain Japanese and foreign corporate bonds. Transfers into Level 3 for Long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured notes. During the fiscal year ended March 31, 2015, the transfers out of Level 3 included ¥24 billion of Trading securities, ¥1 billion of net Derivative liabilities and ¥2 billion of Long-term debt. Transfers out of Level 3 for Trading securities were primarily due to increased price transparency for certain Japanese and foreign corporate bonds and other. Transfers out of Level 3 for net Derivative liabilities were primarily due to increased price observability for certain interest rate derivatives. Transfers out of Level 3 for Long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured notes.

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Quantitative information about Level 3 fair value measurements

The following table presents information about significant unobservable inputs related to the MHFG Group's material classes of Level 3 assets and liabilities at March 31, 2014 and 2015:

2014

Products/Instruments	Fair value	Principal valuation technique	Unobservable inputs	Range of input values	Weighted average ⁽⁶⁾
(in billions of yen, except for ratios and basis points)					
Trading securities and Available-for-sale securities:					
Residential mortgage-backed securities	298	Discounted cash flow Price-based	Prepayment rate Default rate Recovery rate Discount margin	1%–24% 0%–4% 70%–100% 8bps–2,002bps	7% 0% 96% 92bps
Commercial mortgage-backed securities	252	Discounted cash flow Price-based	Discount margin	17bps–3,441bps	191bps
Corporate bonds and other debt securities	724	Discounted cash flow Price-based	Prepayment rate ⁽¹⁾ Default rate ⁽¹⁾ Recovery rate ⁽¹⁾ Discount margin ⁽¹⁾ Discount margin ⁽²⁾	0%–42% 0%–9% 15%–75% 12bps–1,725bps -122bps–1,303bps	36% 1% 70% 100bps 81bps
Derivatives, net:					
Interest rate contracts	17	Internal valuation model ⁽³⁾	IR – IR correlation Default rate ⁽⁴⁾	23%–100% 0%–63%	
Foreign exchange contracts	11	Internal valuation model ⁽³⁾	FX – IR correlation FX – FX correlation FX volatility Default rate ⁽⁴⁾	28%–52% 55%–55% 14%–25% 0%–63%	
Equity-related contracts	1	Internal valuation model ⁽³⁾	Equity – IR correlation Equity – FX correlation Equity volatility	0%–60% 0%–70% 18%–35%	
Credit-related contracts ⁽⁵⁾	17	Internal valuation model ⁽³⁾	Default rate Credit correlation	0%–47% 1%–100%	
Long-term debt	501	Internal valuation model ⁽³⁾	IR – IR correlation FX – IR correlation FX – FX correlation Equity – IR correlation Equity – FX correlation Equity volatility Default rate Credit correlation	23%–100% 28%–52% 55%–55% 0%–60% 0%–70% 13%–37% 0%–5% 19%–100%	

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2015

Products/Instruments	Fair value	Principal valuation technique	Unobservable inputs	Range of input values	Weighted average ⁽⁶⁾
(in billions of yen, except for ratios and basis points)					
Trading securities and Available-for-sale securities:					
Residential mortgage-backed securities	195	Discounted cash flow Price-based	Prepayment rate Default rate Recovery rate Discount margin	2%–18% 0%–1% 100%–100% 11bps–490bps	7% 0% 100% 63bps
Commercial mortgage-backed securities	173	Discounted cash flow Price-based	Discount margin	10bps–2,922bps	95bps
Corporate bonds and other debt securities	879	Discounted cash flow Price-based	Prepayment rate ⁽¹⁾ Default rate ⁽¹⁾ Recovery rate ⁽¹⁾ Discount margin ⁽¹⁾ Discount margin ⁽²⁾	0%–25% 0%–5% 60%–71% 9bps–1,220bps -96bps–4,342bps	21% 2% 69% 112bps 106bps
Derivatives, net:					
Interest rate contracts	18	Internal valuation model ⁽³⁾	IR – IR correlation Default rate ⁽⁴⁾	20%–100% 0%–63%	
Foreign exchange contracts	8	Internal valuation model ⁽³⁾	FX – IR correlation FX – FX correlation FX volatility Default rate ⁽⁴⁾	9%–52% 52%–52% 11%–23% 0%–63%	
Equity-related contracts	(14)	Internal valuation model ⁽³⁾	Equity – IR correlation Equity – FX correlation Equity volatility	50%–50% 55%–55% 17%–33%	
Credit-related contracts	(1)	Internal valuation model ⁽³⁾	Default rate Credit correlation	0%–50% 11%–100%	
Long-term debt	587	Internal valuation model ⁽³⁾	IR – IR correlation FX – IR correlation FX – FX correlation Equity – IR correlation Equity – FX correlation Equity volatility Default rate Credit correlation	20%–100% 9%–52% 52%–52% 50%–50% 55%–55% 16%–34% 0%–15% 16%–100%	

Notes:

- (1) These inputs are mainly used for determining the fair values of securitization products such as CDO, CLO and ABS, other than RMBS and CMBS.
- (2) This input is mainly used for determining the fair values of Japanese corporate bonds and foreign corporate bonds.
- (3) Internal valuation model includes discounted cash flow models and the Black-Scholes option pricing model.
- (4) This input represents the counterparty default rate derived from the MHFG Group's own internal credit analyses.
- (5) The majority of the fair value of credit derivatives in Level 3 relates to credit derivatives economically hedging the credit risk in certain securitization products. The unobservable inputs of these credit derivatives have already been included in the unobservable inputs related to Trading securities and Available-for-sale securities disclosed above.
- (6) Weighted averages are calculated by weighting each input by the relative fair value of the respective financial instruments.

IR = Interest rate

FX = Foreign exchange

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Sensitivity to unobservable inputs and interrelationship between unobservable inputs

The following is a description of the sensitivities and interrelationships of the significant unobservable inputs used to measure the fair values of Level 3 assets and liabilities.

(1) Prepayment rate

The prepayment rate is the estimated rate at which voluntary unscheduled repayments of the principal of the underlying assets are expected to occur. The movement of the prepayment rate is generally negatively correlated with borrower delinquency. A change in prepayment rate would impact the valuation of the fair values of financial instruments either positively or negatively, depending on the structure of financial instruments.

(2) Default rate

The default rate is an estimate of the likelihood of not collecting contractual payments. An increase in the default rate would generally be accompanied by a decrease in the recovery rate and an increase in the discount margin. It would also generally impact the valuation of the fair values of financial instruments negatively.

(3) Recovery rate

The recovery rate is an estimate of the percentage of contractual payments that would be collected in the event of a default. An increase in recovery rate would generally be accompanied by a decrease in the default rate. It would also generally impact the valuation of the fair values of financial instruments positively.

(4) Discount margin

The discount margin is the portion of the interest rate over a benchmark market interest rate such as LIBOR or swap rates. It primarily consists of a risk premium component which is the amount of compensation that market participants require due to the uncertainty inherent in the financial instruments' cash flows resulting from credit risk. An increase in discount margin would generally impact the valuation of the fair values of financial instruments negatively.

(5) Correlation

Correlation is the likelihood of the movement of one input relative to another based on an established relationship. The change in correlation would impact the valuation of derivatives either positively or negatively, depending on the nature of the underlying assets.

(6) Volatility

Volatility is a measure of the expected change in variables over a fixed period of time. Some financial instruments benefit from an increase in volatility and others benefit from a decrease in volatility. Generally, for a long position in an option, an increase in volatility would result in an increase in the fair values of financial instruments.

Items measured at fair value on a nonrecurring basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis. These assets and liabilities primarily include items that are measured at the lower of cost or fair value, and items that were initially measured

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at cost and have been written down to fair value as a result of impairment. The following table shows the fair value hierarchy for these items as of March 31, 2014 and 2015:

<u>2014</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Aggregate cost</u>
			(in billions of yen)		
Assets:					
Loans	124	—	—	124	208
Loans held-for-sale	33	—	—	33	34
Other investments	5	—	—	5	6
Premises and equipment—net	1	—	—	1	2
Goodwill	—	—	—	—	4
Total assets at fair value on a nonrecurring basis	<u>163</u>	<u>—</u>	<u>—</u>	<u>163</u>	<u>254</u>
<u>2015</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Aggregate cost</u>
			(in billions of yen)		
Assets:					
Loans	111	—	—	111	193
Loans held-for-sale	—	—	—	—	39
Other investments	10	9	—	1	16
Premises and equipment—net	1	—	—	1	8
Total assets at fair value on a nonrecurring basis	<u>122</u>	<u>9</u>	<u>—</u>	<u>113</u>	<u>256</u>

Loans in the table above have been impaired and measured based upon the fair value of the underlying collateral.

Loans held-for-sale in the table above are accounted for at the lower of cost or fair value at the end of the period. The items for which fair values are determined by using actual or contractually determined selling price data are classified as Level 2. Due to the lack of current observable market information, the determination of the fair values for items other than the aforementioned requires significant adjustment based upon management judgment and estimation, which results in such items being classified in Level 3 of the hierarchy.

Other investments in the table above, which consist of certain equity method investments and non-marketable equity securities, have been impaired and written down to fair value. The fair values of the impaired marketable equity method investments are determined by their quoted market prices. As the securities are traded on an active exchange market, they are classified as Level 1. The fair values of the impaired non-marketable equity securities, which include non-marketable equity method investments, are determined primarily by using a liquidation value technique. As significant management judgment or estimation is required in the determination of the fair values of non-marketable equity securities, they are classified as Level 3.

Premises and equipment—net in the table above have been impaired and written down to fair value.

Goodwill in the table above is entirely related to PT. Mizuho Balimor Finance reporting unit. Due to the decline in the fair value of the reporting unit, the carrying amount of the goodwill was reduced to its fair value and an impairment loss was recognized. As the determination of the fair value of the goodwill required significant management judgment and estimation, it is classified as Level 3.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair value option

The MHFG Group elected the fair value option for certain eligible financial instruments described below.

Foreign currency denominated available-for-sale securities

Prior to the adoption of the fair value option in accordance with ASC 825, the changes in fair value of foreign currency denominated available-for-sale securities had been accounted for in AOCI, while the changes in fair value caused by foreign exchange fluctuation of foreign currency denominated financial liabilities had been accounted for in earnings. The MHFG Group elected the fair value option for these securities to mitigate the volatility in earnings due to the difference in the recognition of foreign exchange risk between available-for-sale securities and financial liabilities. Following the election of the fair value option, these securities have been reported as trading securities in Trading account assets.

Certain hybrid financial instruments

The MHFG Group issues structured notes as part of its client-driven activities. Structured notes are debt instruments that contain embedded derivatives. The Group elected the fair value option for certain structured notes to mitigate accounting mismatches and to achieve operational simplifications. Following the election of the fair value option, these structured notes continue to be reported in Long-term debt and interest on these structured notes continues to be reported in Interest expense on long-term debt based on the contractual rates. The differences between the aggregate fair value of these structured notes for which the fair value option has been elected and the aggregate unpaid principal balance of such instruments were ¥14 billion and ¥6 billion at March 31, 2014 and 2015, respectively. The net unrealized gains (losses) resulting from changes in fair values of these structured notes of ¥4 billion and ¥(8) billion, which included the fair value changes attributable to changes in the Group's own credit risk, were recorded in Other noninterest income (expenses) for the fiscal years ended March 31, 2014 and 2015, respectively.

Fair value of financial instruments

ASC 825 requires the disclosure of the estimated fair value of financial instruments. The fair value of financial instruments is the amount that would be exchanged between willing parties, other than in a forced sale or liquidation. Quoted market prices, if available, are best utilized as estimates of the fair values of financial instruments. However, since no quoted market prices are available for certain financial instruments, fair values for such financial instruments have been estimated based on management's assumptions, discounted cash flow models or other valuation techniques. Such estimation methods are described in more detail below. These estimates could be significantly affected by different sets of assumptions. There are certain limitations to management's best judgment in estimating fair values of financial instruments and inherent subjectivity involved in estimation methodologies and assumptions used to estimate fair value. Accordingly, the net realizable or liquidation values could be materially different from the estimates presented below.

ASC 825 does not require the disclosure of the fair value of nonfinancial instruments.

The following is a description of the valuation methodologies used for estimating the fair value for financial assets and liabilities not carried at fair value on the MHFG Group's consolidated balance sheets.

Cash and due from banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions

The carrying value of short-term financial assets, such as cash and due from banks, interest-bearing deposits in other banks, call loans and funds sold, and receivables under resale agreements and securities borrowing

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

transactions approximates the fair value of these assets since they generally involve limited losses from credit risk or have short-term maturities with interest rates that approximate market rates.

Investments

The fair value of held-to-maturity securities is determined primarily by using the same procedures and techniques described for trading securities and available-for-sale securities aforementioned in this section. The fair value of other equity interests, which primarily comprises non-marketable equity securities, is not readily determinable, nor practicable to estimate, due to lack of available information. Their carrying amounts of ¥526 billion and ¥450 billion at March 31, 2014 and 2015, respectively, were not included in the disclosure.

Loans

Performing loans have been fair valued as groups of similar loans based on the type of loan, credit quality, prepayment assumptions and remaining maturity. The fair value of performing loans is determined based on discounted cash flows using interest rates approximating the MHFG Group's current rates for similar loans. The fair value of impaired loans is determined based on either discounted cash flows incorporating the Group's best estimate of the expected future cash flows or the fair value of the underlying collateral, if impaired loans are collateral dependent.

Other financial assets

The carrying value of other financial assets, which primarily consist of accounts receivable from brokers, dealers, and customers for securities transactions, accrued income and collateral provided for derivative transactions, approximates the fair value of these assets since they generally involve limited losses from credit risk or have short-term maturities with interest rates that approximate market rates. The majority of other financial assets is classified as Level 2, and included in the table of Note 12 "Other assets and liabilities".

Noninterest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions

The carrying value of short-term financial liabilities, such as noninterest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions approximates the fair value of these liabilities since they generally have short-term maturities with interest rates that approximate market rates.

Interest-bearing deposits

The carrying value of demand deposits approximates the fair value since it represents the amount payable on demand at the balance sheet date. The fair value of time deposits and certificates of deposit is primarily estimated based on discounted cash flow analysis using current interest rates for instruments with similar maturities. The carrying value of short-term certificates of deposit approximates the fair value.

Due to trust accounts

The carrying value of due to trust accounts approximates the fair value since they generally have short-term maturities with interest rates that approximate market rates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other short-term borrowings

The carrying value of the majority of short-term borrowings approximates the fair value since they generally have short-term maturities with interest rates that approximate market rates. The fair value of certain borrowings is estimated based on discounted cash flow analysis using interest rates approximating the MHFG Group's incremental borrowing rates for instruments with similar maturities.

Long-term debt

Long-term debt is fair valued using quoted market prices, if available. Otherwise, the fair value of long-term debt is estimated based on discounted cash flow analysis using interest rates approximating the MHFG Group's incremental borrowing rates for instruments with similar maturities.

Other financial liabilities

The carrying value of other financial liabilities, which primarily consist of accounts payable to brokers, dealers, and customers for securities transactions, accrued expenses and collateral accepted for derivative transactions, approximates the fair value since they generally have short-term maturities with interest rates that approximate market rates. The majority of other financial liabilities is classified as Level 2, and included in the table of Note 12 "Other assets and liabilities".

The fair value of certain off-balance-sheet financial instruments, such as commitments to extend credit and commercial letters of credit, was not considered material to the consolidated balance sheets at March 31, 2014 and 2015.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table shows the carrying amounts and fair values at March 31, 2014 and 2015, of certain financial instruments, excluding financial instruments which are carried at fair value on a recurring basis and those outside the scope of ASC 825 such as the equity method investments and lease contracts as defined in ASC 840, “Leases” (“ASC 840”):

	2014				
	Carrying amount	Estimated fair value			
		Total	Level 1	Level 2	Level 3
(in billions of yen)					
Financial assets:					
Cash and due from banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	34,563	34,563	1,437	33,126	—
Investments	4,040	4,058	4,058	—	—
Loans, net of allowance for loan losses ^(Note)	72,801	73,975	—	—	73,975
Financial liabilities:					
Noninterest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions	44,124	44,124	13,543	30,581	—
Interest-bearing deposits	88,744	88,705	37,394	51,311	—
Due to trust accounts	742	742	—	742	—
Other short-term borrowings	6,024	6,024	—	6,024	—
Long-term debt	9,176	9,441	—	8,600	841
2015					
	Carrying amount	Estimated fair value			
		Total	Level 1	Level 2	Level 3
(in billions of yen)					
Financial assets:					
Cash and due from banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	42,467	42,467	1,152	41,315	—
Investments	5,647	5,678	5,678	—	—
Loans, net of allowance for loan losses ^(Note)	77,458	78,603	—	—	78,603
Financial liabilities:					
Noninterest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions	42,100	42,100	14,481	27,619	—
Interest-bearing deposits	99,272	99,239	41,334	57,905	—
Due to trust accounts	1,241	1,241	—	1,241	—
Other short-term borrowings	1,583	1,583	—	1,583	—
Long-term debt	13,819	14,030	—	13,271	759

Note: Loans, net of allowance for loan losses include items measured at fair value on a nonrecurring basis.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

28. Offsetting of financial assets and financial liabilities

Derivatives

The MHFG Group enters into master netting arrangements such as International Swaps and Derivatives Association, Inc. (“ISDA”) or similar agreements with counterparties to manage mainly credit risks associated with counterparty default. If the predetermined events including counterparty default occur, these enforceable master netting arrangements or similar agreements give the Group the right to offset derivative receivables and derivative payables and related financial collateral such as cash and securities with the same counterparty.

Repurchase and resale agreements and securities lending and borrowing transactions

Repurchase and resale agreements and securities lending and borrowing transactions are generally covered by industry standard master repurchase agreements and industry standard master securities lending agreements with netting terms to manage mainly credit risks associated with counterparty default. In the event of default by the counterparty, these agreements with netting terms provide the Group with the right to offset receivables and payables related to such transactions with the same counterparty, and to liquidate the collateral held.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table provides information about the offsetting of financial assets and financial liabilities at March 31, 2014 and 2015. The table includes derivatives, repurchase and resale agreements, and securities lending and borrowing transactions that are subject to enforceable master netting arrangements or similar agreements irrespective of whether or not they are offset on the Group's consolidated balance sheets.

	Gross amounts recognized	Gross amounts offset on the balance sheet	Net amounts presented on the balance sheet ⁽²⁾	Amounts not offset on the balance sheet ⁽³⁾		
				Financial instruments ⁽⁴⁾	Cash collateral	Net amounts
(in billions of yen)						
2014						
Assets ⁽¹⁾ :						
Derivatives	9,880	—	9,880	(8,702)	(406)	772
Receivables under resale agreements	8,236	—	8,236	(8,200)	—	36
Receivables under securities borrowing transactions	4,990	—	4,990	(4,978)	—	12
Total	<u>23,106</u>	<u>—</u>	<u>23,106</u>	<u>(21,880)</u>	<u>(406)</u>	<u>820</u>
Liabilities ⁽¹⁾ :						
Derivatives	9,648	—	9,648	(8,621)	(431)	596
Payables under repurchase agreements . . .	16,690	—	16,690	(16,667)	—	23
Payables under securities lending transactions	6,085	—	6,085	(6,082)	—	3
Total	<u>32,423</u>	<u>—</u>	<u>32,423</u>	<u>(31,370)</u>	<u>(431)</u>	<u>622</u>
2015						
Assets ⁽¹⁾ :						
Derivatives	12,679	—	12,679	(10,845)	(662)	1,172
Receivables under resale agreements	8,506	—	8,506	(8,462)	—	44
Receivables under securities borrowing transactions	4,007	—	4,007	(3,996)	—	11
Total	<u>25,192</u>	<u>—</u>	<u>25,192</u>	<u>(23,303)</u>	<u>(662)</u>	<u>1,227</u>
Liabilities ⁽¹⁾ :						
Derivatives	12,306	—	12,306	(10,706)	(561)	1,039
Payables under repurchase agreements . . .	19,494	—	19,494	(19,378)	—	116
Payables under securities lending transactions	2,246	—	2,246	(2,242)	—	4
Total	<u>34,046</u>	<u>—</u>	<u>34,046</u>	<u>(32,326)</u>	<u>(561)</u>	<u>1,159</u>

Notes:

- (1) Amounts relating to master netting arrangements or similar agreements where the Group does not have the legal right of set-off or where uncertainty exists as to the enforceability of these agreements are excluded. For derivatives, the table includes amounts relating to over-the-counter (“OTC”) and OTC-cleared derivatives that are subject to enforceable master netting arrangements or similar agreements.
- (2) Derivative assets and liabilities are recorded in Trading account assets and Trading account liabilities, respectively.
- (3) Amounts do not exceed the net amounts presented on the balance sheet and do not include the effect of overcollateralization, where it exists.
- (4) For derivatives, amounts include derivative assets or liabilities and securities collateral that are eligible for offsetting under enforceable master netting arrangements or similar agreements.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

29. Related party transactions

Transactions with directors, executive officers, and their associates

The banking subsidiaries of MHFG make loans to the MHFG Group's directors, executive officers, and their associates in their ordinary course of business. At March 31, 2014 and 2015, outstanding loans to such related parties were not considered significant. These related party loans were made on substantially the same terms, including interest rate and collateral, as those prevailing at the same time for comparable transactions with unrelated parties. At March 31, 2014 and 2015, there were no loans to these related parties that were considered impaired.

Other transactions, such as deposits, were entered into between MHFG's subsidiaries and the MHFG Group's directors, executive officers, and their associates during the fiscal years ended March 31, 2013, 2014 and 2015. The outstanding amounts of these transactions, which were made in the ordinary course of business with substantially the same terms as those for comparable transactions with unrelated parties, were not considered significant.

Transactions with other related parties

A number of transactions were entered into with other related parties, such as MHFG's employees and affiliates accounted for under the equity method. These transactions included loans, deposits, and other banking services. They were not significant in amount and were conducted with substantially the same terms as those for comparable transactions with unrelated parties.

30. Business segment information

Under U.S. GAAP, companies report segment information based on the way management disaggregates the company for making operating decisions. The MHFG Group's operating segments are based on the nature of the products and services provided, the type of customer and the Group's management organization. The business segment information set forth below is derived from the internal management reporting systems used by the management to measure the performance of the Group's business segments. The management measures the performance of each of the 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 is provided for the total amount of segments' net business profits with Income before income tax expense under U.S. GAAP.

The MHFG Group engages in banking, trust banking, securities, and other businesses through its subsidiaries and affiliates. As these subsidiaries and affiliates operate in different industries and regulatory environments, MHFG discloses business segment information based on the relevant principal consolidated subsidiaries such as MHBK (the former MHBK and the former MHCB), MHTB, and MHSC for investors to measure the present and future cash flows properly.

The operating segments of MHBK 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.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
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MHBK

Personal Banking

This segment provides financial products and services, such as housing loans, deposits, investment trusts, and individual insurance to individual customers through MHBK's nationwide branches and ATM network as well as telephone and internet banking services. In addition, this segment handles trust products as an agent of MHTB.

Retail Banking

This segment provides financial products and services, such as comprehensive consulting services of business succession and asset inheritance and asset management for business owners and high-net-worth customers. This segment also provides overall banking services for SMEs.

Corporate Banking (Large Corporations)

This segment provides a full range of financial solutions on a global basis to large Japanese corporations and their affiliates by integrating the Group's specialty functions including banking, trust, and securities, based on solid relationships with MHBK's domestic customers, and by utilizing its global industry knowledge.

Corporate Banking

This segment provides, to larger SMEs, financial products and services including a range of solution businesses in accordance with the growth strategy of MHBK's corporate customers. This segment provides solutions to customers' financial needs such as stable fund-raising, mergers and acquisitions, management buy-out, business succession, entry to new business, and business restructuring for customers in mature or transition stages.

Financial Institutions & Public Sector Business

This segment provides advisory services and solutions such as advice on financial strategy and risk management to financial institutions and provides comprehensive financial products and services that include funding support via the subscription and underwriting of bonds etc., to public sector entities.

International Banking

This segment provides unified support both in Japan and overseas for MHBK's Japanese corporate customers to expand their overseas operations, and also promotes business with non-Japanese corporate customers in various countries through its global network. Further, this segment offers products such as project finance and trade finance for overseas customers.

Trading and others

This segment provides derivatives and other risk hedging products to satisfy MHBK's customers' financial and business risk control requirements. It is also engaged in MHBK's proprietary trading, such as foreign exchange and bond trading, and asset and liability management. This segment also includes costs incurred by the head office functions of MHBK.

MHTB

MHTB provides products and services related to trust, real estate, securitization and structured finance, pension and asset management, and stock transfers.

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MHSC

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

Others

This segment consists of MHFG, its subsidiaries other than MHBK, MHTB, and MHSC, and its equity-method affiliates. They provide a wide range of customers with their various products and services such as those related to trust and custody, asset management, and private banking through companies such as TCSB, Mizuho Asset Management Co., Ltd., DIAM Co., Ltd. (an equity-method affiliate), and Mizuho Private Wealth Management Co., Ltd. This segment also provides non-banking services, including research and consulting services through Mizuho Research Institute Ltd. and information technology-related services through Mizuho Information & Research Institute, Inc.

The information below for reportable segments is derived from the internal management reporting systems. The management does not use information on segments' assets to allocate resources and assess performance and has not prepared information on segments' assets. Accordingly, information on segments' assets is not available.

	The former MHBK (Consolidated)							Others	
	The former MHBK (Non-consolidated)						Trading and others		
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)			Financial Institution & Public Sector Business (e)
2013 ⁽¹⁾⁽²⁾⁽⁴⁾	Total	Total	(a)	(b)	(c)	(d)	(e)	(f)	(g)
(in billions of yen)									
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 MHCB (Consolidated)						MHTB	MHFG				
	The former MHCB (Non-consolidated)					MHSC	(Consolidated)	Others	(Consolidated)			
	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
2013 ⁽¹⁾⁽²⁾⁽⁴⁾	Total	Total	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	Total
(in billions of yen)												
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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	MHBK (Consolidated)									MHTB	MHSC	MHFG		
	MHBK (Non-consolidated)									(Consolidated)	(Consolidated)	Others (Consolidated)		
	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
2014 (1)(2)(3)(4)	(in billions of yen)													
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

	MHBK (Consolidated)									MHTB	MHSC	MHFG		
	MHBK (Non-consolidated)									(Consolidated)	(Consolidated)	Others (Consolidated)		
	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
2015 (1)(2)(4)	(in billions of yen)													
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:

- 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.
- Beginning on April 1, 2013, the MHFG Group 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 MHBK. 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.
- As for the fiscal year ended March 31, 2014, "MHBK (Non-consolidated)" represents the sum of the performance of the former MHCB for the first quarter and the new MHBK for the second, third and fourth quarters, while "Others (h)" includes the performance of the former MHBK for the first quarter, in light of the merger of the former MHBK and the former MHCB conducted in July 2013.
- Beginning on April 1, 2013, MHSC was turned into a directly-held subsidiary of MHFG. As for the fiscal year ended March 31, 2013, "MHSC (Consolidated) (m)" represents the performance of the former MHSC for the first three quarters and the new MHSC for the fourth quarter, while "Others (g)" includes the performance of the former Mizuho Investors Securities Co., Ltd. ("MHIS") for the first three quarters. As for the fiscal years ended March 31, 2014 and 2015, "MHSC (Consolidated) (j)" represents the performance of the new MHSC, in light of the merger of the former MHSC and the former MHIS conducted in January 2013.

Aggregation of MHBK and MHCB

	MHBK and MHCB							
	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)
	2013 (1)(2)	(in billions of yen)						
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

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2014 ⁽¹⁾⁽²⁾	MHBK and MHCB							
	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)							
Gross profits:								
Net interest income	923.8	218.0	80.7	173.3	102.5	35.5	128.9	184.9
Net noninterest income (expenses)	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

Note:

- (1) The former MHBK and the former MHCB merged on July 1, 2013. Figures for the fiscal year ended March 31, 2013 represent the simple aggregation of the performance of the former MHBK and the former MHCB, and figures for the fiscal year ended March 31, 2014 represent the simple aggregation of the performance of the former MHBK and the former MHCB for the first quarter and the new MHBK for the second, third and fourth quarters.
- (2) Beginning on April 1, 2013, the MHFG Group 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 MHBK. Figures for the fiscal year ended March 31, 2014 have been reclassified under the new allocation methods.

Reconciliation

As explained above, the measurement bases of the internal management reporting systems and the income and expenses items included are different from the accompanying consolidated statements of income. Therefore, it is impracticable to present reconciliations of all the business segments' information, other than net business profits, to the corresponding items in the accompanying consolidated statements of income. A reconciliation of total net business profits under the internal management reporting systems for the fiscal years ended March 31, 2013, 2014 and 2015 presented above to Income before income tax expense shown on the consolidated statements of income is as follows:

	2013	2014	2015
	(in billions of yen)		
Net business profits	912.2	744.3	876.9
U.S. GAAP adjustments	129.2	(325.4)	230.8
(Provision) credit for loan losses	(139.9)	126.2	60.2
Net gains (losses) related to equity investments	28.2	178.7	160.1
Non-recurring personnel expense	(23.5)	(14.8)	(8.0)
Gains on disposal of premises and equipment	12.4	10.5	2.8
(Provision) credit for losses on off-balance-sheet instruments	(4.6)	(12.1)	2.8
Others—net	(28.8)	18.9	(57.9)
Income before income tax expense	885.2	726.3	1,267.7

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

31. Foreign activities

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 the MHFG Group's operations are highly integrated globally, estimates and assumptions have been made for an allocation among the geographic areas.

	<u>Americas</u>				<u>Asia/Oceania excluding Japan, and others</u>	<u>Total</u>
	<u>Japan</u>	<u>United States of America</u>	<u>Others</u>	<u>Europe</u>		
	(in billions of yen)					
Fiscal year ended March 31, 2013:						
Total revenue ⁽¹⁾	2,190.7	295.9	87.8	125.8	162.6	2,862.8
Total expenses ⁽²⁾	1,668.9	132.7	7.8	48.4	119.8	1,977.6
Income before income tax expense	521.8	163.2	80.0	77.4	42.8	885.2
Net income	524.7	171.5	80.8	75.0	29.2	881.2
Total assets at end of fiscal year	126,768.8	28,040.8	3,128.0	10,591.2	10,218.2	178,747.0
Fiscal year ended March 31, 2014:						
Total revenue ⁽¹⁾	1,783.9	273.8	76.1	152.9	218.9	2,505.6
Total expenses ⁽²⁾	1,397.3	129.1	15.5	96.3	141.1	1,779.3
Income before income tax expense	386.6	144.7	60.6	56.6	77.8	726.3
Net income	198.9	129.9	59.8	54.0	57.6	500.2
Total assets at end of fiscal year	124,557.7	24,014.8	3,513.0	10,784.5	12,829.3	175,699.3
Fiscal year ended March 31, 2015:						
Total revenue ⁽¹⁾	2,396.9	324.1	102.4	211.8	223.7	3,258.9
Total expenses ⁽²⁾	1,459.9	210.8	24.3	133.8	162.4	1,991.2
Income before income tax expense	937.0	113.3	78.1	78.0	61.3	1,267.7
Net income	565.6	79.7	76.2	74.3	34.4	830.2
Total assets at end of fiscal year	127,473.5	31,074.9	4,871.0	10,880.6	15,819.7	190,119.7

Notes:

- (1) Total revenue is comprised of Interest and dividend income and Noninterest income.
- (2) Total expenses are comprised of Interest expense, Provision (credit) for loan losses and Noninterest expenses.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

32. Mizuho Financial Group, Inc., parent company

The following tables present the parent company only financial information of MHFG:

Condensed balance sheets

	<u>2014</u>	<u>2015</u>
	(in millions of yen)	
Assets:		
Cash and due from banks	167	223
Interest-bearing deposits in other banks	17,103	12,506
Investments in subsidiaries and affiliated companies	7,501,486	8,857,561
Other	<u>210,622</u>	<u>566,947</u>
Total	<u>7,729,378</u>	<u>9,437,237</u>
Liabilities and shareholders' equity:		
Short-term borrowings	1,061,460	1,200,135
Long-term debt	240,000	248,800
Other liabilities	49,448	57,964
Shareholders' equity	<u>6,378,470</u>	<u>7,930,338</u>
Total	<u>7,729,378</u>	<u>9,437,237</u>

Condensed statements of income

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Income:			
Dividends from subsidiaries and affiliated companies:			
Banking subsidiaries	231,301	282,022	316,035
Non-banking subsidiaries and affiliated companies	1,755	3,108	28,633
Management fees from subsidiaries	28,835	31,146	32,163
Other income	<u>34,668</u>	<u>33,894</u>	<u>38,107</u>
Total	<u>296,559</u>	<u>350,170</u>	<u>414,938</u>
Expenses:			
Operating expenses	21,075	22,592	26,855
Interest expense	15,870	14,608	8,937
Other expense	<u>1,207</u>	<u>5,724</u>	<u>2,693</u>
Total	<u>38,152</u>	<u>42,924</u>	<u>38,485</u>
Equity in undistributed net income of subsidiaries	<u>617,565</u>	<u>191,865</u>	<u>427,037</u>
Income before income tax expense	875,972	499,111	803,490
Income tax expense	<u>560</u>	<u>627</u>	<u>442</u>
Net income	<u>875,412</u>	<u>498,484</u>	<u>803,048</u>

Note: Certain income for the fiscal years ended March 31, 2013 and 2014 has been reclassified to conform to the current year's presentation.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Condensed statements of cash flows

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of yen)		
Cash flows from operating activities:			
Net income	875,412	498,484	803,048
Adjustments and other	(685,149)	(222,940)	(460,230)
Net cash provided by operating activities	<u>190,263</u>	<u>275,544</u>	<u>342,818</u>
Cash flows from investing activities:			
Net change in loans	—	—	(150,000)
Purchases of premises and equipment	(2,717)	(4,052)	(159,670)
Net change in other investing activities	4,287	6,683	3,294
Net cash provided by (used in) investing activities	<u>1,570</u>	<u>2,631</u>	<u>(306,376)</u>
Cash flows from financing activities:			
Net change in short-term borrowings	(40,000)	(90,000)	130,000
Proceeds from issuance of long-term debt	—	—	150,000
Repayment of long-term debt	—	—	(141,200)
Proceeds from issuance of common stock	—	—	6
Purchases of treasury stock	(7)	(37,013)	(12)
Dividends paid	(152,542)	(152,163)	(176,186)
Net change in other financing activities	749	968	1,006
Net cash used in financing activities	<u>(191,800)</u>	<u>(278,208)</u>	<u>(36,386)</u>
Net increase (decrease) in cash and due from banks	33	(33)	56
Cash and due from banks at beginning of fiscal year	<u>167</u>	<u>200</u>	<u>167</u>
Cash and due from banks at end of fiscal year	<u><u>200</u></u>	<u><u>167</u></u>	<u><u>223</u></u>

33. Subsequent events

Redemption of preferred securities

On June 30, 2015, preferred securities, issued by the MHFG Group's overseas special purpose companies, were redeemed in full. These special purpose companies are not consolidated in accordance with ASC 810 since the Group is not the primary beneficiary. Thus, the redemption of preferred securities did not reduce Noncontrolling interests in consolidated subsidiaries, but reduced Long-term debt in the Group's consolidated balance sheets. The following table describes the details of the redeemed preferred securities:

<u>Issuer</u>	<u>Aggregate redemption amount</u> (in millions)	<u>Reason for the redemption</u>
Mizuho Capital Investment (JPY) 4 Limited	¥355,000	Arrival of optional redemption date
Mizuho Capital Investment (JPY) 5 Limited	Series B ¥72,500	Arrival of optional redemption date
Mizuho Capital Investment (JPY) 5 Limited	Series C ¥25,000	Arrival of optional redemption date

Signature

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

MIZUHO FINANCIAL GROUP, INC.

By: /s/ Yasuhiro Sato

Name: Yasuhiro Sato

Title: President & CEO

July 23, 2015

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
1.1	Articles of Incorporation of Mizuho Financial Group, Inc., dated June 24, 2014 (English Translation)*
1.2	Regulations of the Board of Directors of Mizuho Financial Group, Inc., as amended on July 1, 2015 (English Translation)
1.3	Share Handling Regulations of Mizuho Financial Group, Inc., dated January 4, 2013 (English Translation)**
2.1	Form of American Depositary Receipt
2.2	Form of Deposit Agreement among the registrant, The Bank of New York Mellon (formerly The Bank of New York) as Depositary and all owners and holders from time to time of American Depositary Receipts issued thereunder
8	List of significant subsidiaries of Mizuho Financial Group, Inc.—see “Item 4.C. Information on the Company—Organizational Structure.”
11	Code of Ethics of Mizuho Financial Group, Inc.
12.1	CEO Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
12.2	CFO Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
13.1	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on July 25, 2014.

** Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on July 23, 2013.

[Translation]

Effective from January 8, 2003

As amended on July 1, 2015

REGULATIONS OF THE BOARD OF DIRECTORS

CHAPTER I

PURPOSE

Article 1. *(Purpose)*

These Regulations provide for matters concerning the Board of Directors pursuant to laws and regulations, the Articles of Incorporation, and the Corporate Governance Guidelines.

CHAPTER II

ORGANIZATION

Article 2. *(Function)*

The Board of Directors shall conduct the following matters.

- (1) Determine the matters provided for in Article 10 of these Regulations
- (2) Supervise the execution of duties by Directors, Executive Officers, as defined in the Companies Act, and Executive Officers, as defined in our internal regulations

Article 3. *(Constitution)*

The Board of Directors shall consist of all the Directors.

CHAPTER III

HOLDING, CONVOCAION AND CHAIRMAN OF MEETINGS

Article 4. *(Holding of Meetings)*

1. Meetings of the Board of Directors shall be held ordinarily and extraordinarily.
2. Ordinary meetings of the Board of Directors shall be held at least once every three (3) months.
3. Extraordinary meetings of the Board of Directors shall be held whenever necessary.
4. Meetings of the Board of Directors shall be held at the head office of the Company; provided, however, that when necessary, a meeting of the Board of Directors may be held at another location or at multiple locations by a method such as teleconference.

Article 5. *(Person Authorized to Convene Meetings and Chairman of Meetings)*

1. Unless otherwise provided for in laws and regulations, each meeting of the Board of Directors will be convened and chaired by a Director who does not concurrently serve as an Executive Officer, as defined in the Companies Act, Executive Director, Executive Officer, as defined in our internal regulations, or Employee of the Company or a subsidiary of the Company (“Non-Executive Director”) as previously appointed by the Board of Directors.

2. In the case where the Director appointed pursuant to the preceding paragraph is unable to so act, one of the other Non-Executive Director(s) in the order previously determined by the Board of Directors shall take such person's place.
3. The Board of Directors may, by its resolution, appoint a Non-Executive Director as a deputy chairman to assist the chairman.
4. Any Director who is not a Director provided for under the provisions of paragraph 1 or paragraph 2 or any Executive Officer, as defined in the Companies Act, may demand the convocation of a meeting of the Board of Directors in accordance with the provisions of laws and regulations.
5. Any person appointed by the Nominating Committee, the Compensation Committee, or the Audit Committee from among their members may convene a meeting of the Board of Directors in accordance with the provisions of laws and regulations.

Article 6. *(Convocation and Reduction of Convocation Period)*

Notices to convene a meeting of the Board of Directors shall be issued to each Director not less than three (3) days prior to the date of that meeting; provided, however, that in case of emergency, such period may be shortened.

Article 7. *(Omission of Convocation Notice)*

A meeting of the Board of Directors may be held without taking the procedures for convocation provided for in the preceding Article with the consent of all of the Directors.

CHAPTER IV

QUORUM AND METHOD OF ADOPTING RESOLUTIONS

Article 8. *(Quorum and Method of Adopting Resolutions)*

1. Resolutions of meetings of the Board of Directors shall be adopted by an affirmative vote of a majority of the Directors present at the relevant meeting who shall constitute a majority in number of all the Directors entitled to take part in the vote.
2. Notwithstanding the provisions of the preceding paragraph, in the case where Director(s) submit a proposal with respect to a matter which is the purpose of the resolution of the Board of Directors, if all Directors who are entitled to vote agree in writing or by means of electromagnetic file to such proposal, it shall be deemed that the resolution to approve such proposal at a meeting of the Board of Directors has been made.

Article 9. *(Person Who Has Special Interests)*

Any person who has special interests with respect to a matter to be resolved at a meeting of the Board of Directors may not participate in voting for resolution thereof.

CHAPTER V

MATTERS TO BE RESOLVED

Article 10. *(Matters to be Resolved)*

1. The following matters shall be resolved at a meeting of the Board of Directors.
 - (1) Important matters concerning the management policy of the Company and its subsidiaries and other entities administered by the Company (collectively, the “Mizuho Group”)
 - (i) Basic matters concerning the management of the Mizuho Group
 - (ii) Basic matters concerning annual business plans and mid- and long-term business plans of the Mizuho Group;
 - (iii) Basic matters concerning the capital policy of the Mizuho Group (together with the preceding two items, these form the “basic management policy” under Article 416, Paragraph 1, Item 1 (a) of the Companies Act);
 - (iv) “System to ensure the properness of operations” of the Mizuho Group (the “Internal Control System”);
 - (v) Matters concerning changes of particularly important companies of the Mizuho Group; and
 - (vi) Basic matters concerning risk governance, risk management, compliance, and internal auditing of the Mizuho Group.
 - (2) Important matters concerning the Company
 - (i) Determination of convocation of general meetings of shareholders and agenda thereof;
 - (ii) Determination of person authorized to convene general meetings of shareholders and the chairman thereof (including the order in which substitutes are to be determined);
 - (iii) Appointment and removal of Directors with Titles;
 - (iv) Appointment and dismissal of Executive Officers, as defined in the Companies Act;
 - (v) Appointment and removal of Representative Executive Officers, as defined in the Companies Act, and Executive Officers, as defined in the Companies Act, with Titles;
 - (vi) Matters concerning the interrelationship between Executive Officers, as defined in the Companies Act, including the roles of Executive Officers, as defined in the Companies Act, and hierarchy of commands of Executive Officers, as defined in the Companies Act;
 - (vii) Selection and appointment, dismissal and removal, and roles of Executive Officers, as defined in our internal regulations, with Titles;
 - (viii) Approval of competitive transactions and conflicting interest transactions by Directors and Executive Officers, as defined in the Companies Act;
 - (ix) Determination of person authorized to convene meetings of the Board of Directors and the chairman thereof (including the order in which substitutes are to be determined);
 - (x) Determination of Director to receive demands for convocation of meetings of the Board of Directors from Executive Officers, as defined in the Companies Act;
 - (xi) Appointment and removal of members who constitute the Nominating Committee, the Compensation Committee, and the Audit Committee;
 - (xii) Appointment and removal of the Chairman of each of the Nominating Committee, the Compensation Committee, and the Audit Committee;

- (xiii) Determination of a person to represent the Company in any action between the Company and a member of the Audit Committee;
 - (xiv) Matters concerning business transfers, etc. (including transfers of shares or equity of subsidiaries), mergers, absorption-type company splits, incorporation-type company splits, share exchanges, and share transfers of the Company which require the approval of a general meeting of shareholders;
 - (xv) Approval of financial statements, business reports and supplementary schedules, temporary financial statements, and consolidated financial statements;
 - (xvi) Distribution of surplus and other matters the Board of Directors is authorized to determine pursuant to the provisions of the Articles of Incorporation;
 - (xvii) Determination of approval of transfers of share options with restriction on transfers; and
 - (xviii) Establishment of, revisions to, and abolition of particularly important internal regulations.
- (3) Important matters concerning the management of subsidiaries, etc.
 - (i) Matters concerning transfer of particularly important subsidiaries and other entities administered by the Company
 - (ii) Basic matters concerning risk governance, risk management, compliance, and internal auditing of Major Group Companies (meaning “Major Group Companies” as provided in the Group Management Administration Regulations)
 - (iii) Selection and appointment, dismissal and removal, and roles of Executive Officers, as defined in our internal regulations, with Titles of Management Classification A Companies (companies categorized into “Management Classification A” under the Group Business Management Regulations)
 - (4) Other matters provided for in laws and regulations or the Articles of Incorporation, or resolved at a general meeting of shareholders
 - (5) Any other matter that a Director believes should be proposed at a meeting of the Board of Directors
- 2. The Supplementary Provisions of the Regulations of the Board of Directors shall apply as the operating standards with respect to the matters to be resolved in the preceding paragraph.

CHAPTER VI

REPORTS, ETC. TO THE BOARD OF DIRECTORS

Article 11. *(Business Execution Reports)*

- 1. Executive Officer(s), as defined in the Companies Act, shall report to the Board of Directors at least once every three (3) months on the status of the execution of his or her duties.
- 2. Each person appointed by the Nominating Committee, the Compensation Committee, or the Audit Committee from among their members shall report without delay to the Board of Directors on the status of the execution of the duties of that committee.
- 3. The Supplementary Provisions of the Regulations of the Board of Directors shall apply as the operating standards with respect to the matters to be reported to the Board of Directors.

Article 12. *(Other Reports, Etc.)*

1. The Board of Directors may, when necessary, have Executive Officers, as defined in the Companies Act, Executive Officers, as defined in our internal regulations, and Employees of the Company, and Directors, Executive Officers, as defined in our internal regulations, and Employees of subsidiaries, etc., of the Company, and outside experts, etc., attend meetings of the Board of Directors and seek their reports and opinions.
2. If an Executive Officer, as defined in the Companies Act, Executive Officer, as defined in our internal regulations, or Employee of the Company or a Director, Executive Officer, as defined in our internal regulations, or Employee of subsidiaries, etc. of the Company receives a request from the Board of Directors, that person shall attend a meeting of the Board of Directors and explain matters requested by the Board of Directors.

CHAPTER VII

**EXECUTIVE OFFICERS, AS DEFINED IN THE COMPANIES ACT, WITH TITLES AND
EXECUTIVE OFFICERS, AS DEFINED IN OUR INTERNAL REGULATIONS, WITH
TITLES**

Article 13. *(Executive Officers, as defined in the Companies Act, with Titles)*

1. The Board of Directors shall, by its resolution, appoint a President & Executive Officer from among the Executive Officers, as defined in the Companies Act.
2. The Board of Directors may, by its resolution, appoint one or more Deputy President & Executive Officer, Senior Managing Executive Officer, and Managing Executive Officer from among the Executive Officers, as defined in the Companies Act.

Article 14. *(Executive Officers, as defined in our internal regulations, with Titles)*

The Board of Directors may, by its resolution, appoint one or more Deputy President & Executive Officer, Senior Managing Executive Officer, and Managing Executive Officer from among the Executive Officers, as defined in our internal regulations.

CHAPTER VIII

PRESIDENT & EXECUTIVE OFFICER

Article 15. *(Duties of the President & Executive Officer)*

The President & Executive Officer shall oversee the business of the Company as the chief executive officer of the Mizuho Group (Group CEO).

Article 16. *(Delegation to the President & Executive Officer)*

The determination of businesses other than the matters provided for in Article 10 of these Regulations shall be delegated to the President & Executive Officer.

CHAPTER IX
DIRECTORS WITH TITLES

Article 17. *(Directors with Titles)*

The Board of Directors may, by its resolution, appoint a Chairman, Deputy Chairman, and other Directors with Titles from among the Non-Executive Directors.

CHAPTER X
MINUTES

Article 18. *(Minutes)*

The minutes of meetings of the Board of Directors shall be prepared in writing or by electromagnetic file as provided for in laws and regulations, and the Directors present thereat shall affix their names and seals thereon or electronic signatures thereto.

CHAPTER XI
OTHER MATTERS

Article 19. *(Revision and Abolition)*

These Regulations and the Supplementary Provisions of the Regulations of the Board of Directors may be revised or abolished by resolution of the Board of Directors.

Article 20. *(Relevant Department)*

The relevant department for administering these Regulations is the Corporate Secretariat.

**Form of American Depositary Receipt
of
Mizuho Financial Group, Inc.**

AMERICAN DEPOSITARY SHARES
(Each American Depositary Share
represents 1/500th of one deposited Share)

[OVERSTAMP] Effective January 4, 2009, Japan
time, each American Depositary Share represents
two (2) deposited Shares.

THE BANK OF NEW YORK
AMERICAN DEPOSITARY RECEIPT
FOR SHARES OF COMMON STOCK OF
MIZUHO FINANCIAL GROUP, INC.
(INCORPORATED UNDER THE LAWS OF JAPAN)

The Bank of New York, as depositary (hereinafter called the "Depositary"), hereby certifies that
_____, or registered assigns IS THE OWNER
OF _____

AMERICAN DEPOSITARY SHARES

representing deposited shares of common stock (herein called "Shares") of Mizuho Financial Group, Inc. incorporated under the laws of Japan (herein called the "Company"). At the date hereof, each American Depositary Share represents 1/500th of one Share deposited or subject to deposit under the Deposit Agreement (as such term is hereinafter defined) at the Tokyo head office of Mizuho Corporate Bank, Ltd. (herein called the "Custodian"). The Depositary's Corporate Trust Office is located at a different address than its principal executive office. Its Corporate Trust Office is located at 101 Barclay Street, New York, N.Y. 10286, and its principal executive office is located at One Wall Street, New York, N.Y. 10286.

THE DEPOSITARY'S CORPORATE TRUST OFFICE ADDRESS IS
101 BARCLAY STREET, NEW YORK, N.Y. 10286

1. THE DEPOSIT AGREEMENT.

This American Depositary Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the deposit agreement, dated as of October 31, 2006 (herein called the "Deposit Agreement"), by and among the Company, the Depositary, and all Owners and holders from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and holders of the Receipts and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depositary's Corporate Trust Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms defined in the Deposit Agreement and not defined herein shall have the meanings set forth in the Deposit Agreement.

2. SURRENDER OF RECEIPTS AND WITHDRAWAL OF SHARES.

Upon surrender at the Corporate Trust Office of the Depositary of this Receipt, and upon payment of the fee of the Depositary provided in this Receipt, and subject to the terms and conditions of the Deposit Agreement, the

Owner hereof is entitled to delivery, to him or upon his order, of the Deposited Securities at the time represented by the deliverable portion (as defined in Article 3 hereof) of the American Depositary Shares for which this Receipt is issued. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of the Owner hereof or as ordered by him or certificates properly endorsed or accompanied by proper instruments of transfer and (b) any other securities, property and cash to which such Owner is then entitled in respect of this Receipt. Such delivery will be made at the option of the Owner hereof, either at the office of the Custodian or at the Corporate Trust Office of the Depositary, provided that the forwarding of certificates for Shares or other Deposited Securities for such delivery at the Corporate Trust Office of the Depositary shall be at the risk and expense of the Owner hereof.

3. TRANSFERS, SPLIT-UPS, AND COMBINATIONS OF RECEIPTS.

The transfer of this Receipt is registrable on the books of the Depositary at its Corporate Trust Office by the Owner hereof in person or by a duly authorized attorney, upon surrender of this Receipt properly endorsed for transfer or accompanied by proper instruments of transfer and funds sufficient to pay any applicable transfer taxes and the expenses of the Depositary and upon compliance with such regulations, if any, as the Depositary may establish for such purpose. This Receipt may be split into other such Receipts, or may be combined with other such Receipts into one Receipt, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered. As a condition precedent to the execution and delivery, registration of transfer, split-up, combination, or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Custodian, or Registrar may require payment from the depositor of the Shares or the present or of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in this Receipt, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of the Deposit Agreement or this Receipt, including, without limitation, this Article 3.

The delivery of Receipts against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement or this Receipt, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in the Deposit Agreement or this Receipt, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares required to be registered under the provisions of the Securities Act of 1933, and any Restricted Securities, unless a registration statement is in effect as to such Shares.

Upon surrender of a Receipt or Receipts by an Owner to the Depositary, as a result of, and to the extent required by, the operation of applicable provisions of the Company Law or any other Japanese law, the Depositary will effect delivery to such Owner of only that portion of Shares (and any other Deposited Securities relating to such Shares) comprising a Share or an integral multiple thereof or, if and as long as the unit share system is adopted and applicable to the Shares, a Unit or an integral multiple thereof (the "deliverable portion" of such Receipt or Receipts). For the purpose of the foregoing sentence, the deliverable portion shall be determined on the basis of the aggregate number of Shares represented by the entire amount of American Depositary Shares evidenced by the Receipt or Receipts surrendered by the same Owner at the same time. The Depositary will

promptly advise such Owner as to the amount of Shares and Deposited Securities, if any, represented by the non-deliverable portion of such Receipt or Receipts and shall deliver to such Owner a new Receipt evidencing such non-deliverable portion. In addition, the Depositary shall notify such Owner of the additional amount of American Depositary Shares which such Owner would be required to surrender in order for the Depositary to effect delivery of all the Shares and Deposited Securities represented by the American Depositary Shares of such Owner.

4. LIABILITY OF OWNER FOR TAXES.

If any tax or other governmental charge shall become payable with respect to any Receipt or any Deposited Securities represented hereby, such tax or other governmental charge shall be payable by the Owner hereof to the Depositary. The Depositary may refuse to effect any transfer of this Receipt or any withdrawal of Deposited Securities represented by American Depositary Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner hereof any part or all of the Deposited Securities represented by the American Depositary Shares evidenced by this Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner hereof shall remain liable for any deficiency.

5. WARRANTIES ON DEPOSIT OF SHARES.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, non-assessable, and free of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depositary Shares representing such Shares by that person are not Restricted Securities. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.

Any person presenting Shares for deposit or any Owner or holder of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental body in Japan which is then performing the function of the regulation of currency exchange.

7. CHARGES OF DEPOSITARY.

The Company agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time. The Depositary shall present its statement for such charges and expenses to the Company at least once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited

Securities or a distribution of Receipts pursuant to Section 4.3 of the Deposit Agreement), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals under the terms of the Deposit Agreement, (3) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5 of the Deposit Agreement, (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of Receipts pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) to the extent permitted by the exchange on which the American Depositary Shares may be listed for trading, a fee of \$.02 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to Sections 4.1 through 4.4 of the Deposit Agreement, (7) a fee for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares), but which securities are instead distributed by the Depositary to Owners, and (8) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Article 8 hereof, may own and deal in any class of securities of the Company and its affiliates and in Receipts.

8. PRE-RELEASE OF RECEIPTS.

Unless requested in writing by the Company to cease doing so, the Depositary may notwithstanding Section 2.3 of the Deposit Agreement, execute and deliver Receipts prior to the receipt of Shares pursuant to Section 2.2 of the Deposit Agreement ("Pre-Release"). The Depositary may, pursuant to Section 2.5 of the Deposit Agreement, deliver Shares upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the "Pre-Releasee") that the Pre-Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be) other than in satisfaction of such Pre-Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depositary Shares outstanding at any time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the Shares deposited under the Deposit Agreement; *provided, however*, that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Company, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre-Release transactions to be entered into under the Deposit Agreement with any particular Pre-Release on a case-by-case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Owners under the Deposit Agreement, the collateral

referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations to the Depositary in connection with a Pre-Release transaction, including the Pre-Releasee's obligation to deliver Shares or Receipts upon termination of a Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities under the Deposit Agreement).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

9. TITLE TO RECEIPTS.

It is a condition of this Receipt and every successive Owner and holder of this Receipt by accepting or holding the same consents and agrees, that title to this Receipt when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of New York; *provided, however*, that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this Receipt is registered on the books of the Depositary as the absolute Owner hereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement or for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under the Deposit Agreement to any holder of a Receipt unless such holder is the Owner thereof.

10. VALIDITY OF RECEIPT.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been executed by the Depositary by the manual signature of a duly authorized signatory of the Depositary; *provided, however* that such signature may be a facsimile if a Registrar for the Receipts shall have been appointed and such Receipts are countersigned by the manual signature of a duly authorized officer of the Registrar.

11. REPORTS; INSPECTION OF TRANSFER BOOKS.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission. Such reports will be available for inspection and copying at the public reference facilities maintained by the Commission located at 100 F Street, N.E., Washington, D.C. 20549.

The Depositary will make available for inspection by Owners of Receipts at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary will also, upon written request, send to Owners of Receipts copies of such reports when furnished by the Company pursuant to the Deposit Agreement. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Company shall be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

The Depositary will keep books, at its Corporate Trust Office, for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners of Receipts provided that such inspection shall not be for the purpose of communicating with Owners of Receipts in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

12. DIVIDENDS AND DISTRIBUTIONS.

Whenever the Depositary receives any cash dividend or other cash distribution on any Deposited Securities, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into United States dollars transferable to the United States, and subject to the Deposit Agreement, convert such dividend or distribution into dollars, as promptly as practicable and will distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners of Receipts entitled thereto; *provided, however*, that in the event that the Company or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes, the amount distributed to the Owners of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

Subject to the provisions of Section 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 of the Deposit Agreement, the Depositary will, as promptly as practicable, cause the securities or property received by it to be distributed to the Owners entitled thereto, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; *provided, however*, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners of Receipts entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) will be distributed by the Depositary to the Owners of Receipts entitled thereto all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under Section 4.2 of the Deposit Agreement that is sufficient to pay its fees and expenses in respect of that distribution.

If any distribution upon any Deposited Securities consists of a stock split under the Company Law, which means any kind of stock split in relation to the Shares, including a subdivision of, dividend in, or free distribution of, Shares, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, additional Receipts evidencing an aggregate number of American Depositary Shares representing the amount of Shares received as such stock split, dividend or free distribution subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depositary Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and after deduction or upon payment of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement (and the Depositary may sell, by public or private sale, an amount of the Shares received sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary will sell the amount of Shares represented by the aggregate of such fractions by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Share, or a full Unit, as the case may be, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. No distribution to Owners pursuant to Section 4.3 of the Deposit Agreement shall be unreasonably delayed by any action of the Depositary or the Custodian. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including

Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges, and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners of Receipts entitled thereto.

In connection with any distribution to Owners, the Company or its agent will remit to the appropriate governmental agency or authority all amounts (if any) required under applicable law to be withheld and remitted by the Company or such agent and owing to such agency or authority and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required under applicable law to be withheld and remitted by the Depositary or the Custodian and owing to such authority or agency by the Depositary or Custodian. The Depositary shall forward to the Company or its agents such information from its records as the Company may reasonably request to enable the Company or its agent to file necessary reports with governmental authorities or agencies.

Owners may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or Custodian may deem necessary or proper. The Owners shall indemnify the Company, the Depositary, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit.

13. CONVERSION OF FOREIGN CURRENCY.

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall, as promptly as practicable, convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the reasonable opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

14. RIGHTS.

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its reasonable discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it reasonably determines the distribution to be lawful and feasible, in proportion to the number of American Depositary Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Owner under the Deposit Agreement, the Depositary will make such rights available to such Owner upon written notice from the Company to the Depositary that (a) the Company has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Company has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to purchase additional shares to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of the Deposit Agreement, and shall, pursuant to Section 2.3 of the Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this Article 14, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions, if any, on sale, deposit, cancellation, and transfer under such laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depositary Shares held by the Owners to whom it has reasonably determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depositary as provided in Section 5.9 of the Deposit Agreement and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of the Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; *provided*, that nothing in the Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to such rights or underlying securities or to endeavor to have such a registration statement declared effective. If an Owner of Receipts requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Owner is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

15. RECORD DATES.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (a) for the determination of the Owners of Receipts who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (iii) responsible for any fee assessed by the Depositary pursuant to the Deposit Agreement, or (b) on or after which each American Depositary Share will represent the changed number of Shares, subject to the provisions of the Deposit Agreement.

16. VOTING OF DEPOSITED SECURITIES.

Upon receipt from the Company of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Owners of Receipts a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received by the Depositary from the Company, (b) a statement that the Owners of Receipts as of the close of business on a specified record date will be entitled, subject to any applicable provision of law and of the Articles of Incorporation and Share Handling Regulations of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company. Upon the written request of an Owner of a Receipt as of such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable to vote or cause to be voted the amount of Shares or other Deposited Securities represented by such American Depositary Shares in accordance with the instructions set forth in such request. So long as under Japanese law and the Articles of Incorporation of the Company votes may only be cast in respect of one or more whole Units of Shares, (i) the same instructions received from Owners shall be aggregated and the Depositary shall endeavor insofar as is practicable to vote or cause to be voted the number of whole Units in respect of which such instructions as so aggregated have been received, in accordance with such instructions, and (ii) such Owners acknowledge and agree that, if the Depositary has received the same instructions any portion of which, after aggregation of all such instructions, constitutes instructions with respect to less than a whole Unit of Shares, the Depositary will be unable to vote or cause to be voted the Shares to which such portion of the instructions applies. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Owner with respect to any of the Deposited Securities represented by the American Depositary Shares evidenced by such Owner's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Securities, provided, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

17. CHANGES AFFECTING DEPOSITED SECURITIES.

Upon any change in nominal value, change in par value, split-up, consolidation, or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, share exchange or share transfer, corporate split, or sale of all or substantially all of the assets affecting the Company or to which it is a party, or upon the acquisition, redemption or cancellation by the Company of the Deposited Securities, any securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and American Depositary Shares shall thenceforth represent, in addition to the existing Deposited Securities, the right to receive the new Deposited Securities so received, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may execute and deliver additional Receipts as in the case of a distribution in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

18. LIABILITY OF THE COMPANY AND DEPOSITARY.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, (i) if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority, or by reason of any provision, present or future, of the Articles of Incorporation or Share Handling Regulations of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from or be subject to any civil or criminal penalty on account of doing or performing any act or thing which by the terms of the Deposit Agreement or Deposited Securities it is provided shall be done or performed, (ii) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, (iv) for the inability of any Owner or holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Owners or holders, or (v) for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.1, 4.2 or 4.3 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of the Deposit Agreement, such distribution or offering may not be made available to Owners of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or holders of Receipts, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the Receipts, on behalf of any Owner or holder or other person. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or holder of a Receipt, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The Depositary shall not be liable for any acts or omissions made by a successor

depository whether in connection with a previous act or omission of the Depository or in connection with a matter arising wholly after the removal or resignation of the Depository, provided, that in connection with the issue out of which such potential liability arises, the Depository performed its obligations without negligence or bad faith while it acted as Depository. The Company agrees to indemnify the Depository, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to the reasonable fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depositary Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, pursuant to the provisions of or in connection with the Deposit Agreement and of the Receipts, as the same may be amended, modified, or supplemented from time to time, (i) by either the Depository or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

19. RESIGNATION AND REMOVAL OF THE DEPOSITORY; APPOINTMENT OF SUCCESSOR CUSTODIAN.

The Depository may at any time resign as Depository under the Deposit Agreement by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depository and its acceptance of such appointment as provided in the Deposit Agreement. The Depository may at any time be removed by the Company by 90 days prior written notice of such removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depository and (ii) the appointment of a successor depository and its acceptance of such appointment as provided in the Deposit Agreement. The Depository in its discretion may appoint a substitute or additional custodian or custodians.

20. AMENDMENT.

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depository without the consent of Owners or holders of Receipts in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees and cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners of Receipts, shall, however, not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the Owners of outstanding Receipts. Every Owner of a Receipt at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby except in order to comply with mandatory provisions of applicable law.

21. TERMINATION OF DEPOSIT AGREEMENT.

The Depository, at any time at the direction of the Company, shall terminate the Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 60 days prior to the date fixed in such notice for such termination. The Depository may likewise terminate the Deposit Agreement by mailing notice of such termination to the Company and the Owners of all Receipts then outstanding at least 30 days prior to the date of termination, if at any time 90 days shall have expired after the Depository shall have delivered to the Company a written notice of its election to resign and a successor depository shall not have been appointed and accepted its appointment as provided in the Deposit Agreement. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depository, (b) payment of the fee of the Depository for the surrender of Receipts referred to in Section 2.5 of the Deposit Agreement, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to

him or upon his order, of the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of four months from the date of termination, the Depositary may sell the Deposited Securities then held under the Deposit Agreement by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Unit, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary with respect to indemnification, charges, and expenses.

22. COMPLIANCE WITH U.S. SECURITIES LAWS.

Notwithstanding anything in the Deposit Agreement or this Receipt to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

23. SUBMISSION TO JURISDICTION; APPOINTMENT OF AGENT FOR SERVICE OF PROCESS.

In the Deposit Agreement, the Company has (i) appointed Mizuho Corporate Bank, Ltd., New York Branch, with offices at 1251 Avenue of the Americas, New York, NY 10020, as the Company's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, (ii) consented and submitted to the jurisdiction of any New York State or United States Federal Court in the City of New York in which any such suit or proceeding may be instituted, and (iii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company agrees to deliver, upon the execution and delivery of the Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depositary Shares or Receipts remain outstanding or the Deposit Agreement remains in force. In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices under the Deposit Agreement, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

24. ADOPTION OF UNIT SHARE SYSTEM OR CHANGE IN UNIT.

The Company agrees that it shall give notice to Owners, pursuant to the last two sentences of the second paragraph of Section 5.6 of the Deposit Agreement, of any amendment to its Articles of Incorporation adopting the unit share system or changing the number of Shares previously designated as a Unit at least two weeks prior to the effectiveness of such amendment.

25. WAIVER OF IMMUNITIES.

To the extent that the Company or any of its properties, assets or revenues may have or hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

Form of Deposit Agreement

MIZUHO FINANCIAL GROUP, INC.

AND

THE BANK OF NEW YORK

As Depositary

AND

OWNERS AND HOLDERS OF AMERICAN DEPOSITARY RECEIPTS

Deposit Agreement

Dated as of , 2006

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of _____, 2006, among MIZUHO FINANCIAL GROUP, INC., incorporated under the laws of Japan (herein called the Issuer), THE BANK OF NEW YORK, a New York banking corporation (herein called the Depositary), and all Owners (as hereinafter defined) and holders from time to time of American Depositary Receipts issued hereunder.

WITNESSETH:

WHEREAS, the Issuer desires to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of Shares (as hereinafter defined) of the Issuer from time to time with the Depositary or with the Custodian (as hereinafter defined) as agent of the Depositary for the purposes set forth in this Deposit Agreement, for the creation of American Depositary Shares (as hereinafter defined) representing the Shares so deposited and for the execution and delivery of American Depositary Receipts evidencing the American Depositary Shares; and

WHEREAS, the American Depositary Receipts are to be substantially in the form of Exhibit A annexed hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties hereto as follows:

ARTICLE 1. DEFINITIONS

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

SECTION 1.1 American Depositary Shares.

The term "American Depositary Shares" shall mean the securities representing the interests in the Deposited Securities and evidenced by the Receipts issued hereunder. Each American Depositary Share shall represent the number of Shares specified in Exhibit A annexed hereto, until there shall occur a distribution upon Deposited Securities covered by Section 4.3 or a change in Deposited Securities covered by Section 4.8 with respect to which additional Receipts are not executed and delivered, and thereafter American Depositary Shares shall evidence the amount of Shares or Deposited Securities specified in such Sections.

SECTION 1.2 Commission.

The term "Commission" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

SECTION 1.3 Company Law.

The term "Company Law" shall mean the Company Law of Japan (Law No. 86 of 2005, as amended).

SECTION 1.4 Custodian.

The term "Custodian" shall mean the Tokyo head office of Mizuho Corporate Bank, Ltd., as agent of the Depositary for the purposes of this Deposit Agreement, and any other firm or corporation which may hereafter be appointed by the Depositary pursuant to the terms of Section 5.5, as substitute or additional custodian or custodians hereunder, as the context shall require and shall also mean all of them collectively.

SECTION 1.5 Deposit Agreement.

The term “Deposit Agreement” shall mean this Deposit Agreement, as the same may be amended from time to time in accordance with the provisions hereof.

SECTION 1.6 Deposit, Deliver, Execute, Issue, Register, Surrender, Transfer, Withdraw or Cancel.

The terms “deposit”, “deliver”, “execute”, “issue”, “register”, “surrender”, “transfer”, “withdraw” or “cancel”, when used with respect to Shares, shall refer, where the context requires, to an entry or entries or an electronic transfer or transfers in an account or accounts maintained by institutions authorized under Japanese law to effect transfers of securities and not to the physical transfer of certificates representing the Shares.

SECTION 1.7 Depository; Corporate Trust Office.

The term “Depository” shall mean The Bank of New York, a New York banking corporation, and any successor as depository hereunder. The term “Corporate Trust Office”, when used with respect to the Depository, shall mean the office of the Depository which at the date of this Agreement is 101 Barclay Street, New York, New York 10286.

SECTION 1.8 Deposited Securities.

The term “Deposited Securities” as of any time shall mean Shares at such time deposited or deemed to be deposited under this Deposit Agreement and any and all other securities, property and cash received by the Depository or the Custodian in respect thereof and at such time held hereunder, subject as to cash to the provisions of Section 4.5.

SECTION 1.9 Dollars.

The term “Dollars” shall mean United States dollars.

SECTION 1.10 Foreign Currency.

The term “Foreign Currency” shall mean all lawful currency other than Dollars.

SECTION 1.11 Foreign Registrar.

The term “Foreign Registrar” shall mean the entity that presently carries out the duties of registrar for the Shares or any successor as registrar for the Shares and any other appointed agent of the Issuer for the transfer and registration of Shares.

SECTION 1.12 Issuer.

The term “Issuer” shall mean Mizuho Financial Group, Inc., incorporated under the laws of Japan, and its successors.

SECTION 1.13 Owner.

The term “Owner” shall mean the person in whose name a Receipt is registered on the books of the Depository maintained for such purpose.

SECTION 1.14 Receipts.

The term “Receipts” shall mean the American Depositary Receipts issued hereunder evidencing American Depositary Shares.

SECTION 1.15 Registrar.

The term “Registrar” shall mean any bank or trust company having an office in the Borough of Manhattan, The City of New York, which shall be appointed to register Receipts and transfers of Receipts as herein provided, and shall include any co-registrar appointed for such purposes.

SECTION 1.16 Restricted Securities.

The term “Restricted Securities” shall mean Shares, or American Depositary Shares representing Shares, that are acquired directly or indirectly from the Issuer or its affiliates (as defined in Rule 144 under the Securities Act of 1933) in a transaction or chain of transactions not involving any public offering, or which are subject to resale limitations under Regulation D under the Securities Act of 1933 or both, or which are held by an officer, director (or persons performing similar functions) or other affiliate of the Issuer, or which are subject to other restrictions on sale or deposit under the laws of the United States or Japan, or under a shareholder agreement or the Articles of Incorporation or Share Handling Regulations of the Issuer.

SECTION 1.17 Securities Act of 1933.

The term “Securities Act of 1933” shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.18 Shares.

The term “Shares” shall mean shares of common stock in registered form of the Issuer, heretofore validly issued and outstanding and fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares or hereafter validly issued and outstanding and fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares.

SECTION 1.19 Unit.

The term “Unit” shall mean such number of Shares, if any, as the Articles of Incorporation of the Issuer, as amended from time to time, may provide as a “Unit of Shares”.

ARTICLE 2. FORM OF RECEIPTS, DEPOSIT OF SHARES, EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF RECEIPTS

SECTION 2.1 Form and Transferability of Receipts.

Definitive Receipts shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless such Receipt shall have been executed by the Depositary by the manual signature of a duly authorized signatory of the Depositary; *provided, however*, that such signature may be a facsimile if a Registrar for the Receipts shall have been appointed and such Receipts are countersigned by the manual signature of a duly authorized officer of the Registrar. The Depositary shall maintain books on which each Receipt so executed and delivered as hereinafter provided and the transfer of each such Receipt shall be registered. Receipts bearing the manual or facsimile signature of a duly authorized signatory of the Depositary who was at any time a proper signatory of the Depositary shall bind the Depositary, notwithstanding that such signatory has ceased to hold such office prior to the execution and delivery of such Receipts by the Registrar or did not hold such office on the date of issuance of such Receipts.

The Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or modifications not inconsistent with the provisions of this Deposit Agreement as may be required by the

Depository or required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange upon which American Depositary Shares may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

Title to a Receipt (and to the American Depositary Shares evidenced thereby), when properly endorsed or accompanied by proper instruments of transfer, shall be transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of New York; *provided, however*, that the Depository, notwithstanding any notice to the contrary, may treat the Owner thereof as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes, and neither the Depository nor the Issuer shall have any obligation or be subject to any liability under this Deposit Agreement to any holder of a Receipt unless such holder is the Owner thereof.

SECTION 2.2 Deposit of Shares.

Subject to the terms and conditions of this Deposit Agreement, Shares or evidence of rights to receive Shares may be deposited by delivery thereof to any Custodian hereunder, accompanied by any appropriate instrument or instruments of transfer, or endorsement, in form satisfactory to the Custodian, together with all such certifications as may be required by the Depository or the Custodian in accordance with the provisions of this Deposit Agreement, and, if the Depository requires, together with a written order directing the Depository to execute and deliver to, or upon the written order of, the person or persons stated in such order, a Receipt or Receipts for the number of American Depositary Shares representing such deposited Shares or evidence of rights to receive Shares.

No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depository that any necessary approval has been granted by any governmental body in Japan which is then performing the function of the regulation of currency exchange. If required by the Depository, Shares presented for deposit at any time, whether or not the transfer books of the Issuer or the Foreign Registrar, if applicable, are closed, shall also be accompanied by an agreement or assignment, or other instrument satisfactory to the Depository, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property which any person in whose name the Shares are or have been recorded may thereafter receive upon or in respect of such deposited Shares, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depository.

At the request and risk and expense of any person proposing to deposit Shares, and for the account of such person, the Depository may receive certificates for Shares to be deposited, together with the other instruments herein specified, for the purpose of forwarding such Share certificates to the Custodian for deposit hereunder.

Upon each delivery to a Custodian of a certificate or certificates for Shares to be deposited hereunder, together with the other documents specified above, such Custodian shall, as soon as transfer and recordation can be accomplished, present such certificate or certificates to the Issuer or the Foreign Registrar, if applicable, for transfer and recordation of the Shares being deposited in the name of the Depository or its nominee or such Custodian or its nominee.

Deposited Securities shall be held by the Depository or by a Custodian for the account and to the order of the Depository or at such other place or places as the Depository shall determine.

SECTION 2.3 Execution and Delivery of Receipts.

Upon receipt by any Custodian of any deposit pursuant to Section 2.2 hereunder (and in addition, if the transfer books of the Issuer or the Foreign Registrar, if applicable, are open, the Depository may in its sole

discretion require a proper acknowledgment or other evidence from the Issuer that any Deposited Securities have been recorded upon the books of the Issuer or the Foreign Registrar, if applicable, in the name of the Depositary or its nominee or such Custodian or its nominee), together with the other documents required as specified above, such Custodian shall notify the Depositary of such deposit and the person or persons to whom or upon whose written order a Receipt or Receipts are deliverable in respect thereof and the number of American Depositary Shares to be evidenced thereby. Such notification shall be made by letter or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission. Upon receiving such notice from such Custodian, or upon the receipt of Shares by the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver at its Corporate Trust Office, to or upon the order of the person or persons entitled thereto, a Receipt or Receipts, registered in the name or names and evidencing any authorized number of American Depositary Shares requested by such person or persons, but only upon payment to the Depositary of the fees and expenses of the Depositary for the execution and delivery of such Receipt or Receipts as provided in Section 5.9, and of all taxes and governmental charges and fees payable in connection with such deposit and the transfer of the Deposited Securities.

SECTION 2.4 Transfer of Receipts; Combination and Split-up of Receipts.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register transfers of Receipts on its transfer books from time to time, upon any surrender of a Receipt, by the Owner in person or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer, and duly stamped as may be required by the laws of the State of New York and of the United States of America. Thereupon the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depositary, after consultation with the Issuer to the extent practicable, may appoint one or more co-transfer agents for the purpose of effecting transfers, combinations and split-ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Owners or persons entitled to Receipts and will be entitled to protection and indemnity to the same extent as the Depositary.

SECTION 2.5 Surrender of Receipts and Withdrawal of Shares.

Upon surrender at the Corporate Trust Office of the Depositary of a Receipt for the purpose of withdrawal of the Deposited Securities represented by the deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt, and upon payment of the fee of the Depositary for the surrender of Receipts as provided in Section 5.9 and payment of all taxes and governmental charges payable in connection with such surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of this Deposit Agreement, the Owner of such Receipt shall be entitled to delivery, to him or upon his order, of the amount of Deposited Securities at the time represented by the deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of such Owner or as ordered by him or certificates properly endorsed or accompanied by proper instruments of transfer to such Owner or as ordered by him and (b) any other securities, property and cash to which such Owner is then entitled in respect of such Receipts to such Owner or as ordered by him. Such delivery shall be made, as hereinafter provided, without unreasonable delay.

A Receipt surrendered for such purposes may be required by the Depositary to be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the Owner

thereof shall execute and deliver to the Depository a written order directing the Depository to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon the Depository shall direct the Custodian to deliver at the office of such Custodian, subject to Sections 2.6, 3.1 and 3.2 and to the other terms and conditions of this Deposit Agreement, to or upon the written order of the person or persons designated in the order delivered to the Depository as above provided, the amount of Deposited Securities represented by the deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt, except that the Depository may make delivery to such person or persons at the Corporate Trust Office of the Depository of any dividends or distributions with respect to the Deposited Securities represented by the deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depository.

At the request, risk and expense of any Owner so surrendering a Receipt, and for the account of such Owner, the Depository shall direct the Custodian to forward any cash or other property (other than rights) comprising, and forward a certificate or certificates, if applicable, and other proper documents of title for, the Deposited Securities represented by deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt to the Depository for delivery at the Corporate Trust Office of the Depository. Such direction shall be given by letter or, at the request, risk and expense of such Owner, by cable, telex or facsimile transmission.

SECTION 2.6 Limitations on Execution and Delivery, Transfer and Surrender of Receipts.

As a condition precedent to the execution and delivery, registration of transfer, split-up, combination or surrender of any Receipt or withdrawal of any Deposited Securities, the Depository, Custodian or Registrar may require payment from the depositor of Shares or the presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as herein provided, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depository may establish consistent with the provisions of this Deposit Agreement, including, without limitation, this Section 2.6.

The delivery of Receipts against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depository are closed, or if any such action is deemed necessary or advisable by the Depository or the Issuer at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Deposit Agreement, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in this Deposit Agreement, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depository or the Issuer or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depository shall not knowingly accept for deposit under this Deposit Agreement any Shares required to be registered under the provisions of the Securities Act of 1933, and any Restricted Securities, unless a registration statement is in effect as to such Shares.

Upon surrender of a Receipt or Receipts by an Owner to the Depository, as a result of, and to the extent required by, the operation of applicable provisions of the Company Law or any other Japanese law, the Depository will effect delivery to such Owner of only that portion of Shares (and any other Deposited Securities relating to such Shares) comprising a Share or an integral multiple thereof or, if and as long as the unit share system is adopted and applicable to the Shares, a Unit or an integral multiple thereof (the "deliverable portion" of

such Receipt or Receipts). For the purpose of the foregoing sentence, the deliverable portion shall be determined on the basis of the aggregate number of Shares represented by the entire amount of American Depositary Shares evidenced by the Receipt or Receipts surrendered by the same Owner at the same time. The Depositary will promptly advise such Owner as to the amount of Shares and Deposited Securities, if any, represented by the non-deliverable portion of such Receipt or Receipts and shall deliver to such Owner a new Receipt evidencing such non-deliverable portion. In addition, the Depositary shall notify such Owner of the additional amount of American Depositary Shares which such Owner would be required to surrender in order for the Depositary to effect delivery of all the Shares and Deposited Securities represented by the American Depositary Shares of such Owner.

SECTION 2.7 Lost Receipts, etc.

In case any Receipt shall be mutilated, destroyed, lost or stolen, the Depositary shall execute and deliver a new Receipt of like tenor in exchange and substitution for such mutilated Receipt upon cancellation thereof, or in lieu of and in substitution for such destroyed, lost or stolen Receipt. Before the Depositary shall execute and deliver a new Receipt in substitution for a destroyed, lost or stolen Receipt, the Owner thereof shall have (a) filed with the Depositary (i) a request for such execution and delivery before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond and (b) satisfied any other reasonable requirements imposed by the Depositary.

SECTION 2.8 Cancellation and Destruction of Surrendered Receipts.

All Receipts surrendered to the Depositary shall be cancelled by the Depositary. Cancelled Receipts shall not be entitled to any benefits under this Deposit Agreement or be valid or enforceable for any purpose. The Depositary is authorized to destroy Receipts so cancelled.

SECTION 2.9 Pre-Release of Receipts.

Unless requested in writing by the Issuer to cease doing so, the Depositary may, notwithstanding Section 2.3 hereof, execute and deliver Receipts prior to the receipt of Shares pursuant to Section 2.2 ("Pre-Release"). The Depositary may, pursuant to Section 2.5, deliver Shares upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the "Pre-Releasee") that the Pre-Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depositary Shares outstanding at any time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the Shares deposited hereunder; *provided, however*, that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Issuer, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre-Release transactions to be entered into hereunder with any particular Pre-Releasee on a case-by-case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Owners under the Deposit Agreement, the collateral referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations to the

Depository in connection with a Pre-Release transaction, including the Pre-Releasee's obligation to deliver Shares or Receipts upon termination of a Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities hereunder).

The Depository may retain for its own account any compensation received by it in connection with the foregoing.

ARTICLE 3. CERTAIN OBLIGATIONS OF OWNERS AND HOLDERS OF RECEIPTS

SECTION 3.1 Filing Proofs, Certificates and Other Information.

Any person presenting Shares for deposit or any Owner or holder of a Receipt may be required from time to time to file with the Depository or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Issuer or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depository may deem necessary or proper. The Depository may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made.

SECTION 3.2 Liability of Owner for Taxes.

If any tax or other governmental charge shall become payable by the Custodian or the Depository with respect to any Receipt or any Deposited Securities represented by any Receipt, such tax or other governmental charge shall be payable by the Owner of such Receipt to the Depository. The Depository may refuse to effect any transfer of such Receipt or any withdrawal of Deposited Securities represented by American Depositary Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner thereof any part or all of the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner of such Receipt shall remain liable for any deficiency.

SECTION 3.3 Warranties on Deposit of Shares.

Every person depositing Shares under this Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, nonassessable and free of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depositary Shares representing such Shares by that person are not Restricted Securities. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

ARTICLE 4. THE DEPOSITED SECURITIES

SECTION 4.1 Cash Distributions.

Whenever the Depository shall receive any cash dividend or other cash distribution on any Deposited Securities, the Depository shall, subject to the provisions of Section 4.5, convert such dividend or distribution into Dollars, as promptly as practicable and shall distribute the amount thus received (net of the fees and expenses of the Depository as provided in Section 5.9) to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively; *provided, however,* that in the event that the Issuer or the Depository shall be required to withhold and does withhold from such cash dividend or such other cash distribution an amount on account of taxes, the amount distributed to the

Owner of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Owner a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Owners entitled thereto. The Issuer or its agent will remit to the appropriate governmental agency in Japan all amounts withheld and owing to such agency. The Depositary will forward to the Issuer or its agent such information from its records as the Issuer may reasonably request to enable the Issuer or its agent to file necessary reports with governmental agencies, and the Depositary or the Issuer or its agent may file any such reports necessary to obtain benefits under the applicable tax treaties for the Owners of Receipts.

SECTION 4.2 Distributions Other Than Cash, Shares or Rights.

Subject to the provisions of Sections 4.11 and 5.9, whenever the Depositary shall receive any distribution other than a distribution described in Section 4.1, 4.3 or 4.4, the Depositary shall, as promptly as practicable, cause the securities or property received by it to be distributed to the Owners entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary or any taxes or other governmental charges, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; *provided, however*, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason (including, but not limited to, any requirement that the Issuer or the Depositary withhold an amount on account of taxes or other governmental charges or that securities received must be registered under the Securities Act of 1933 in order to be distributed to Owners or holders) the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Section 5.9) shall be distributed by the Depositary to the Owners entitled thereto, all in the manner and subject to the conditions described in Section 4.1. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Section 4.2 that is sufficient to pay its fees and expenses in respect of that distribution.

SECTION 4.3 Distributions in Shares.

If any distribution upon any Deposited Securities consists of a stock split under the Company Law, which means any kind of stock split in relation to the Shares, including a subdivision of, dividend in, or free distribution of, Shares, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, additional Receipts evidencing an aggregate number of American Depositary Shares representing the amount of Shares received as such stock split, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depositary Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 and after deduction or upon payment of the fees and expenses of the Depositary as provided in Section 5.9 (and the Depositary may sell, by public or private sale, an amount of the Shares received sufficient to pay its fees and expenses in respect of that distribution). The Depositary may withhold any such distribution of Receipts if it has not received satisfactory assurances from the Issuer that such distribution does not require registration under the Securities Act of 1933 or is exempt from registration under the provisions of such Act. In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary shall sell the amount of Shares represented by the aggregate of such fractions by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Share, or a full Unit, by sale of such portion to the Issuer in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Issuer) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1. No distribution to Owners pursuant to this Section 4.3 shall be unreasonably

delayed by any action of the Depositary or the Custodian. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

SECTION 4.4 Rights.

In the event that the Issuer shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its reasonable discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it reasonably determines the distribution to be lawful and feasible, in proportion to the number of American Depositary Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Owner hereunder, the Depositary will make such rights available to such Owner upon written notice from the Issuer to the Depositary that (a) the Issuer has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Issuer has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to purchase additional Shares to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Issuer shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of this Deposit Agreement, and shall, pursuant to Section 2.3 of this Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this section, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions, if any, on sale, deposit, cancellation, and transfer under such laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depositary Shares held by the Owners to whom it has reasonably determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depositary as provided in Section 5.9 and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of this Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; *provided*, that nothing in this Deposit Agreement shall create any obligation on the part of the Issuer to file a registration statement with respect to such rights or

underlying securities or to endeavor to have such a registration statement declared effective. If an Owner of Receipts requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Issuer upon which the Depositary may rely that such distribution to such Owner is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

SECTION 4.5 Conversion of Foreign Currency.

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall, as promptly as practicable, convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the reasonable opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

SECTION 4.6 Fixing of Record Date.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (a) for the determination of the Owners who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting or (iii) responsible for any fee assessed by the Depositary pursuant to this Deposit Agreement, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to

the provisions of Sections 4.1 through 4.5 and to the other terms and conditions of this Deposit Agreement, the Owners on such record date shall be entitled, as the case may be, to receive the amount distributable by the Depositary with respect to such dividend or other distribution or such rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively and to give voting instructions and to act in respect of any other such matter.

SECTION 4.7 Voting of Deposited Securities.

Upon receipt from the Issuer of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Issuer, the Depositary shall, as soon as practicable thereafter, mail to the Owners a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received by the Depositary from the Issuer, (b) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Japanese law and of the Articles of Incorporation and Share Handling Regulations of the Issuer, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Issuer. Upon the written request of an Owner as of such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor, in so far as practicable, to vote or cause to be voted the amount of Shares or other Deposited Securities represented by the American Depositary Shares in accordance with the instructions set forth in such request. So long as under Japanese law and the Articles of Incorporation of the Issuer votes may only be cast in respect of one or more whole Units of Shares, (i) the same instructions received from Owners shall be aggregated and the Depositary shall endeavor insofar as is practicable to vote or cause to be voted the number of whole Units in respect of which such instructions as so aggregated have been received, in accordance with such instructions, and (ii) such Owners acknowledge and agree that, if the Depositary has received the same instructions any portion of which, after aggregation of all such instructions, constitutes instructions with respect to less than a whole Unit of Shares, the Depositary will be unable to vote or cause to be voted the Shares to which such portion of the instructions applies. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Owner with respect to any of the Deposited Securities represented by the American Depositary Shares evidenced by such Owner's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Issuer with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to a person designated by the Issuer to vote such Deposited Securities, provided, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Issuer informs the Depositary (and the Issuer agrees to provide such information as promptly as practicable in writing) that (x) the Issuer does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

SECTION 4.8 Changes Affecting Deposited Securities.

Upon any change in nominal value, change in par value, split-up, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, share exchange or share transfer, corporate split, or sale of all or substantially all of the assets affecting the Issuer or to which it is a party, or upon the acquisition, redemption or cancellation by the Issuer of the Deposited Securities, any

securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities, shall be treated as new Deposited Securities under this Deposit Agreement, and American Depositary Shares shall thenceforth represent, in addition to the existing Deposited Securities, the right to receive the new Deposited Securities so received, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may execute and deliver additional Receipts as in the case of a distribution in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

SECTION 4.9 Reports.

The Depositary shall make available for inspection by Owners at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Issuer which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Issuer. The Depositary shall also, upon written request, send to the Owners copies of such reports when furnished by the Issuer pursuant to Section 5.6. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Issuer shall be furnished in English, to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

SECTION 4.10 Lists of Owners.

Promptly upon request by the Issuer, the Depositary shall, at the expense of the Issuer, furnish to it a list, as of a recent date, of the names, addresses and holdings of American Depositary Shares by all persons in whose names Receipts are registered on the books of the Depositary.

SECTION 4.11 Withholding.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

In connection with any distribution to Owners, the Issuer or its agent will remit to the appropriate governmental agency or authority all amounts (if any) required under applicable law to be withheld and remitted by the Issuer or such agent and owing to such agency or authority and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required under applicable law to be withheld and remitted by the Depositary or the Custodian and owing to such authority or agency by the Depositary or Custodian. The Depositary shall forward to the Issuer or its agents such information from its records as the Issuer may reasonably request to enable the Issuer or its agent to file necessary reports with governmental authorities or agencies.

Owners may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or Custodian may deem necessary or proper. The Owners shall indemnify the Issuer, the Depositary, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit.

ARTICLE 5. THE DEPOSITARY, THE CUSTODIANS AND THE ISSUER

SECTION 5.1 Maintenance of Office and Transfer Books by the Depositary.

Until termination of this Deposit Agreement in accordance with its terms, the Depositary shall maintain in the Borough of Manhattan, The City of New York, facilities for the execution and delivery, registration, registration of transfers and surrender of Receipts in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep books, at its Corporate Trust Office, for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners, provided that such inspection shall not be for the purpose of communicating with Owners in the interest of a business or object other than the business of the Issuer or a matter related to this Deposit Agreement or the Receipts.

The Depositary may close the transfer books, at any time or from time to time, when deemed expedient by it in good faith in connection with the performance of its duties hereunder.

If any Receipts or the American Depositary Shares evidenced thereby are listed on one or more stock exchanges in the United States, the Depositary shall act as Registrar or appoint, after consultation with the Issuer to the extent practicable, a Registrar or one or more co-registrars for registry of such Receipts in accordance with any requirements of such exchange or exchanges.

SECTION 5.2 Prevention or Delay in Performance by the Depositary or the Issuer.

Neither the Depositary nor the Issuer nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, (i) if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of Incorporation or Share Handling Regulations of the Issuer, or by reason of any provision of any securities issued or distributed by the Issuer, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Issuer shall be prevented, delayed or forbidden from, or be subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of this Deposit Agreement or Deposited Securities it is provided shall be done or performed, (ii) by reason of any nonperformance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of this Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement, (iv) for the inability of any Owner or holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of this Deposit Agreement, made available to Owners or holders, or (v) for any special, consequential or punitive damages for any breach of the terms of this Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.1, 4.2, or 4.3 of this Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of this Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Owners, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse.

SECTION 5.3 Obligations of the Depositary, the Custodian and the Issuer.

The Issuer assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to Owners or holders, except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

The Depositary assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Owner or holder (including, without limitation, liability with respect to the validity or worth of the Deposited Securities), except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

Neither the Depositary nor the Issuer shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts on behalf of any Owner or holder or any person.

Neither the Depositary nor the Issuer shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or any other person believed by it in good faith to be competent to give such advice or information.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided, that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of this Deposit Agreement.

SECTION 5.4 Resignation and Removal of the Depositary.

The Depositary may at any time resign as Depositary hereunder by written notice of its election so to be delivered to the Issuer, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Issuer by 90 days prior written notice of such removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, the Issuer shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, The City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Issuer an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor under this Deposit Agreement; but such predecessor, nevertheless, upon payment of all sums due it and on the written request of the Issuer shall execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all right, title and interest in the Deposited Securities to such successor, and shall deliver to such successor a list of the Owners of all outstanding Receipts. Any such successor depositary shall promptly mail notice of its appointment to all Owners.

Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.5 The Custodians.

The Custodian shall be subject at all times and in all respects to the directions of the Depositary and shall be responsible solely to it. Any Custodian may resign and be discharged from its duties hereunder by notice of such resignation delivered to the Depositary at least 30 days prior to the date on which such resignation is to become effective. If upon such resignation there shall be no Custodian acting hereunder, the Depositary shall, promptly

after receiving such notice, appoint a substitute custodian or custodians, each of which shall thereafter be a Custodian hereunder. The Depository in its discretion may appoint a substitute or additional custodian or custodians, each of which shall thereafter be one of the Custodians hereunder. Upon demand of the Depository any Custodian shall deliver such of the Deposited Securities held by it as are requested of it to any other Custodian or such substitute or additional custodian or custodians. Each such substitute or additional custodian shall deliver to the Depository, forthwith upon its appointment, an acceptance of such appointment satisfactory in form and substance to the Depository.

Upon the appointment of any successor depository hereunder, each Custodian then acting hereunder shall forthwith become, without any further act or writing, the agent hereunder of such successor depository and the appointment of such successor depository shall in no way impair the authority of each Custodian hereunder; but the successor depository so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority as agent hereunder of such successor depository.

SECTION 5.6 Notices and Reports.

On or before the first date on which the Issuer gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or the offering of any rights to such holders, the Issuer agrees to transmit to the Depository and the Custodian a copy of the notice thereof in the form given or to be given to holders of Shares or other Deposited Securities.

The Issuer will arrange for the translation into English or preparation of an English summary, if not already in English, to the extent required pursuant to any regulations of the Commission, and the prompt transmittal by the Issuer to the Depository and the Custodian of such notices and any other reports and communications which are made generally available by the Issuer to holders of its Shares. If requested in writing by the Issuer, the Depository will arrange for the mailing, as promptly as practicable, at the Issuer's expense, of copies of such notices, reports and communications to all Owners. The Issuer will timely provide the Depository with the quantity of such notices, reports, and communications, as requested by the Depository from time to time, in order for the Depository to effect such mailings.

SECTION 5.7 Distribution of Additional Shares, Rights, etc.

The Issuer agrees that in the event of any issuance or distribution of (1) additional Shares, (2) rights to subscribe for Shares, (3) securities convertible into Shares, or (4) rights to subscribe for such securities (each a "Distribution"), the Issuer will promptly furnish to the Depository, upon its reasonable request after consultation with the Issuer a written opinion from U.S. counsel for the Issuer, which counsel shall be satisfactory to the Depository, stating whether or not the Distribution requires a Registration Statement under the Securities Act of 1933 to be in effect prior to making such Distribution available to Owners entitled thereto. If in the opinion of such counsel a Registration Statement is required, such counsel shall furnish to the Depository a written opinion as to whether or not there is a Registration Statement in effect which will cover such Distribution.

The Issuer agrees with the Depository that neither the Issuer nor any company controlled by, controlling or under common control with the Issuer will at any time deposit any Shares, either originally issued or previously issued and reacquired by the Issuer or any such affiliate, unless a Registration Statement is in effect as to such Shares under the Securities Act of 1933 or the Issuer furnishes to the Depository a written opinion from U.S. counsel for the Issuer, which counsel shall be reasonably satisfactory to the Depository, stating that upon such deposit, such Shares and the American Depositary Shares to be issued in respect of such deposit may be publicly offered and sold by the holder thereof in the United States without registration of such Shares under the Securities Act of 1933.

SECTION 5.8 Indemnification.

The Issuer agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to the reasonable fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depositary Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, pursuant to the provisions of or in connection with this Deposit Agreement and of the Receipts, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Issuer or any of its directors, employees, agents and affiliates.

The Depositary agrees to indemnify the Issuer, its directors, employees, agents and affiliates and hold them harmless from any liability or expense (including, but not limited to, the reasonable fees and expenses of counsel) which may arise out of acts performed or omitted by the Depositary or its Custodian or their respective directors, employees, agents and affiliates due to their negligence or bad faith.

If an action, proceeding (including, but not limited to, any governmental investigation), claim or dispute (collectively, a "Proceeding") in respect of which indemnity may be sought by either party is brought or asserted against the other party, the party seeking indemnification (the "Indemnitee") shall promptly (and in no event more than ten (10) days after receipt of notice of such Proceeding) notify the party obligated to provide such indemnification (the "Indemnitor") of such Proceeding. The failure of the Indemnitee to so notify the Indemnitor shall not impair the Indemnitee's ability to seek indemnification from the Indemnitor (but only for costs, expenses and liabilities incurred after such notice) unless such failure adversely affects the Indemnitor's ability to adequately oppose or defend such Proceeding. Upon receipt of such notice from the Indemnitee, the Indemnitor shall be entitled to participate in such Proceeding and, to the extent that it shall so desire and provided no conflict of interest exists as specified in subparagraph (b) below or there are no other defenses available to Indemnitee as specified in subparagraph (d) below, to assume the defense thereof with counsel reasonably satisfactory to the Indemnitee (in which case all attorney's fees and expenses shall be borne by the Indemnitor and the Indemnitor shall in good faith defend the Indemnitee). The Indemnitee shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be borne by the Indemnitee unless (a) the Indemnitor agrees in writing to pay such fees and expenses, (b) the Indemnitee shall have reasonably and in good faith concluded that there is a conflict of interest between the Indemnitor and the Indemnitee in the conduct of the defense of such action, (c) the Indemnitor fails, within ten (10) days prior to the date the first response or appearance is required to be made in such Proceeding, to assume the defense of such Proceeding with counsel reasonably satisfactory to the Indemnitee or (d) there are legal defenses available to Indemnitee that are different from or are in addition to those available to the Indemnitor. No compromise or settlement of such Proceeding may be effected by either party without the other party's consent unless (i) there is no finding or admission of any violation of law and no effect on any other claims that may be made against such other party and (ii) the sole relief provided is monetary damages that are paid in full by the party seeking the settlement. Neither party shall have any liability with respect to any compromise or settlement effected without its consent, which shall not be unreasonably withheld. The Indemnitor shall have no obligation to indemnify and hold harmless the Indemnitee from any loss, expense or liability incurred by the Indemnitee as a result of a default judgment entered against the Indemnitee unless such judgment was entered after the Indemnitor agreed, in writing, to assume the defense of such Proceeding.

SECTION 5.9 Charges of Depositary.

The Issuer agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Issuer from time to time. The Depositary shall present its statement for such charges and expenses to the Issuer at least once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Issuer or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.3), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Issuer or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depository or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable, telex and facsimile transmission expenses as are expressly provided in this Deposit Agreement, (4) such expenses as are incurred by the Depository in the conversion of foreign currency pursuant to Section 4.5, (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 and the surrender of Receipts pursuant to Section 2.5 or 6.2, (6) to the extent permitted by the exchange on which the American Depositary Shares may be listed for trading, a fee of \$.02 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to the Deposit Agreement, including, but not limited to Sections 4.1 through 4.4, (7) a fee for the distribution of securities pursuant to Section 4.2, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depository to Owners, and (8) any other charge payable by the Depository, any of the Depository's agents, including the Custodian, or the agents of the Depository's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depository in accordance with Section 4.6 and shall be payable at the sole discretion of the Depository by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depository, subject to Section 2.9 hereof, may own and deal in any class of securities of the Issuer and its affiliates and in Receipts.

SECTION 5.10 Retention of Depository Documents.

The Depository is authorized to destroy those documents, records, bills and other data compiled during the term of this Deposit Agreement at the times permitted by the laws or regulations governing the Depository unless the Issuer requests that such papers be retained for a longer period or turned over to the Issuer or to a successor depository.

SECTION 5.11 Exclusivity.

The Issuer agrees not to appoint any other depository for issuance of American Depositary Receipts so long as The Bank of New York is acting as Depository hereunder.

SECTION 5.12 List of Restricted Securities Owners.

From time to time, the Issuer shall provide to the Depository a list setting forth, to the actual knowledge of the Issuer, those persons or entities who beneficially own Restricted Securities and the Issuer shall update that list on a regular basis. The Issuer agrees to advise in writing each of the persons or entities so listed that such Restricted Securities are ineligible for deposit hereunder. The Depository may rely on such a list or update but shall not be liable for any action or omission made in reliance thereon.

SECTION 5.13 Adoption of Unit Share System or Change in Unit.

The Issuer agrees that it shall give notice to Owners, pursuant to the last two sentences of the second paragraph of Section 5.6 of this Deposit Agreement, of any amendment to its Articles of Incorporation adopting the unit share system or changing the number of Shares previously designated as a Unit at least two weeks prior to the effectiveness of such amendment.

ARTICLE 6. AMENDMENT AND TERMINATION

SECTION 6.1 Amendment.

The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Issuer and the Depositary without the consent of Owners or holders of Receipts in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the Owners of outstanding Receipts. Every Owner, at the time any amendment so becomes effective, shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.2 Termination.

The Depositary shall, at any time at the direction of the Issuer, terminate this Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 60 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate this Deposit Agreement by mailing notice of such termination to the Issuer and the Owners of all Receipts then outstanding at least 30 days prior to the date of termination, if at any time 90 days shall have expired after the Depositary shall have delivered to the Issuer a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.5, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under this Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in this Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of four months from the date of termination, the Depositary may sell the Deposited Securities then held hereunder by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Unit, by sale of such portion to the Issuer in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Issuer) and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of this Deposit Agreement, the Issuer shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9 hereof.

ARTICLE 7. MISCELLANEOUS

SECTION 7.1 Counterparts.

This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depository and the Custodians and shall be open to inspection by any Owner or holder of a Receipt during business hours.

SECTION 7.2 No Third Party Beneficiaries.

This Deposit Agreement is for the exclusive benefit of the parties hereto and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

SECTION 7.3 Severability.

In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.4 Owners and Holders as Parties; Binding Effect.

The Owners and holders of Receipts from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance thereof.

SECTION 7.5 Notices.

Any and all notices to be given to the Issuer shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to Mizuho Financial Group, Inc., 1-5-5, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan, or any other place to which the Issuer may have transferred its principal office.

Any and all notices to be given to the Depository shall be deemed to have been duly given if in English and personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to The Bank of New York, 101 Barclay Street, New York, New York 10286, Attention: American Depository Receipt Administration, or any other place to which the Depository may have transferred its Corporate Trust Office.

Any and all notices to be given to any Owner shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to such Owner at the address of such Owner as it appears on the transfer books for Receipts of the Depository, or, if such Owner shall have filed with the Depository a written request that notices intended for such Owner be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail or cable, telex or facsimile transmission shall be deemed to be effected at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex or facsimile transmission) is deposited, postage prepaid, in a post-office letter box. The Depository or the Issuer may, however, act upon any cable, telex or facsimile transmission received by it, notwithstanding that such cable, telex or facsimile transmission shall not subsequently be confirmed by letter as aforesaid.

SECTION 7.6 Submission to Jurisdiction; Appointment of Agent for Service of Process.

The Issuer hereby (i) irrevocably designates and appoints Mizuho Corporate Bank, Ltd., New York Branch, with offices at 1251 Avenue of the Americas, New York, NY 10020, as the Issuer's authorized agent upon which

process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, (ii) consents and submits to the jurisdiction of any New York State or United States Federal Court in the City of New York in which any such suit or proceeding may be instituted, and (iii) agrees that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Issuer in any such suit or proceeding. The Issuer agrees to deliver, upon the execution and delivery of this Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Issuer further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depositary Shares or Receipts remain outstanding or this Agreement remains in force. In the event the Issuer fails to continue such designation and appointment in full force and effect, the Issuer hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Issuer at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

SECTION 7.7 Compliance with U.S. Securities Laws.

Notwithstanding anything in this Deposit Agreement to the contrary, the Issuer and the Depositary each agrees that it will not exercise any rights it has under this Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

SECTION 7.8 Waiver of Immunities.

To the extent that the Issuer or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, the Issuer, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

SECTION 7.9 Governing Law.

This Deposit Agreement and the Receipts shall be interpreted and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, MIZUHO FINANCIAL GROUP, INC. and THE BANK OF NEW YORK have duly executed this Deposit Agreement as of the day and year first set forth above and all Owners shall become parties hereto upon acceptance by them of Receipts issued in accordance with the terms hereof.

MIZUHO FINANCIAL GROUP, INC.

By: _____

Name:

Title:

THE BANK OF NEW YORK,
as Depositary

By: _____

Name:

Title:

EXHIBIT A

AMERICAN DEPOSITARY SHARES
(Each American Depositary Share
represents 1/500th of one deposited Share)

**THE BANK OF NEW YORK
AMERICAN DEPOSITARY RECEIPT
FOR SHARES OF COMMON STOCK OF
MIZUHO FINANCIAL GROUP, INC.
(INCORPORATED UNDER THE LAWS OF JAPAN)**

The Bank of New York, as depositary (hereinafter called the “Depositary”), hereby certifies that _____
_____, or registered assigns IS THE OWNER OF

AMERICAN DEPOSITARY SHARES

representing deposited shares of common stock (herein called “Shares”) of Mizuho Financial Group, Inc. incorporated under the laws of Japan (herein called the “Company”). At the date hereof, each American Depositary Share represents 1/500th of one Share deposited or subject to deposit under the Deposit Agreement (as such term is hereinafter defined) at the Tokyo head office of Mizuho Corporate Bank, Ltd. (herein called the “Custodian”). The Depositary’s Corporate Trust Office is located at a different address than its principal executive office. Its Corporate Trust Office is located at 101 Barclay Street, New York, N.Y. 10286, and its principal executive office is located at One Wall Street, New York, N.Y. 10286.

**THE DEPOSITARY’S CORPORATE TRUST OFFICE ADDRESS IS
101 BARCLAY STREET, NEW YORK, N.Y. 10286**

1. THE DEPOSIT AGREEMENT.

This American Depositary Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the deposit agreement, dated as of _____, 2006 (herein called the "Deposit Agreement"), by and among the Company, the Depositary, and all Owners and holders from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and holders of the Receipts and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depositary's Corporate Trust Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms defined in the Deposit Agreement and not defined herein shall have the meanings set forth in the Deposit Agreement.

2. SURRENDER OF RECEIPTS AND WITHDRAWAL OF SHARES.

Upon surrender at the Corporate Trust Office of the Depositary of this Receipt, and upon payment of the fee of the Depositary provided in this Receipt, and subject to the terms and conditions of the Deposit Agreement, the Owner hereof is entitled to delivery, to him or upon his order, of the Deposited Securities at the time represented by the deliverable portion (as defined in Article 3 hereof) of the American Depositary Shares for which this Receipt is issued. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of the Owner hereof or as ordered by him or certificates properly endorsed or accompanied by proper instruments of transfer and (b) any other securities, property and cash to which such Owner is then entitled in respect of this Receipt. Such delivery will be made at the option of the Owner hereof, either at the office of the Custodian or at the Corporate Trust Office of the Depositary, provided that the forwarding of certificates for Shares or other Deposited Securities for such delivery at the Corporate Trust Office of the Depositary shall be at the risk and expense of the Owner hereof.

3. TRANSFERS, SPLIT-UPS, AND COMBINATIONS OF RECEIPTS.

The transfer of this Receipt is registrable on the books of the Depositary at its Corporate Trust Office by the Owner hereof in person or by a duly authorized attorney, upon surrender of this Receipt properly endorsed for transfer or accompanied by proper instruments of transfer and funds sufficient to pay any applicable transfer taxes and the expenses of the Depositary and upon compliance with such regulations, if any, as the Depositary may establish for such purpose. This Receipt may be split into other such Receipts, or may be combined with other such Receipts into one Receipt, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered. As a condition precedent to the execution and delivery, registration of transfer, split-up, combination, or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Custodian, or Registrar may require payment from the depositor of the Shares or the presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in this Receipt, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of the Deposit Agreement or this Receipt, including, without limitation, this Article 3.

The delivery of Receipts against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary

are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement or this Receipt, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in the Deposit Agreement or this Receipt, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares required to be registered under the provisions of the Securities Act of 1933, and any Restricted Securities, unless a registration statement is in effect as to such Shares.

Upon surrender of a Receipt or Receipts by an Owner to the Depositary, as a result of, and to the extent required by, the operation of applicable provisions of the Company Law or any other Japanese law, the Depositary will effect delivery to such Owner of only that portion of Shares (and any other Deposited Securities relating to such Shares) comprising a Share or an integral multiple thereof or, if and as long as the unit share system is adopted and applicable to the Shares, a Unit or an integral multiple thereof (the "deliverable portion" of such Receipt or Receipts). For the purpose of the foregoing sentence, the deliverable portion shall be determined on the basis of the aggregate number of Shares represented by the entire amount of American Depositary Shares evidenced by the Receipt or Receipts surrendered by the same Owner at the same time. The Depositary will promptly advise such Owner as to the amount of Shares and Deposited Securities, if any, represented by the non-deliverable portion of such Receipt or Receipts and shall deliver to such Owner a new Receipt evidencing such non-deliverable portion. In addition, the Depositary shall notify such Owner of the additional amount of American Depositary Shares which such Owner would be required to surrender in order for the Depositary to effect delivery of all the Shares and Deposited Securities represented by the American Depositary Shares of such Owner.

4. LIABILITY OF OWNER FOR TAXES.

If any tax or other governmental charge shall become payable with respect to any Receipt or any Deposited Securities represented hereby, such tax or other governmental charge shall be payable by the Owner hereof to the Depositary. The Depositary may refuse to effect any transfer of this Receipt or any withdrawal of Deposited Securities represented by American Depositary Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner hereof any part or all of the Deposited Securities represented by the American Depositary Shares evidenced by this Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner hereof shall remain liable for any deficiency.

5. WARRANTIES ON DEPOSIT OF SHARES.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, non-assessable, and free of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depositary Shares representing such Shares by that person are not Restricted Securities. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.

Any person presenting Shares for deposit or any Owner or holder of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control

approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental body in Japan which is then performing the function of the regulation of currency exchange.

7. CHARGES OF DEPOSITARY.

The Company agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time. The Depositary shall present its statement for such charges and expenses to the Company at least once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.3 of the Deposit Agreement), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals under the terms of the Deposit Agreement, (3) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5 of the Deposit Agreement, (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of Receipts pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) to the extent permitted by the exchange on which the American Depositary Shares may be listed for trading, a fee of \$.02 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to Sections 4.1 through 4.4 of the Deposit Agreement, (7) a fee for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares), but which securities are instead distributed by the Depositary to Owners, and (8) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Article 8 hereof, may own and deal in any class of securities of the Company and its affiliates and in Receipts.

8. PRE-RELEASE OF RECEIPTS.

Unless requested in writing by the Company to cease doing so, the Depositary may notwithstanding Section 2.3 of the Deposit Agreement, execute and deliver Receipts prior to the receipt of Shares pursuant to Section 2.2 of the Deposit Agreement ("Pre-Release"). The Depositary may, pursuant to Section 2.5 of the Deposit Agreement, deliver Shares upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that

such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the "Pre-Releasee") that the Pre-Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be) other than in satisfaction of such Pre-Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depositary Shares outstanding at any time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the Shares deposited under the Deposit Agreement; *provided, however*, that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Company, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre-Release transactions to be entered into under the Deposit Agreement with any particular Pre-Release on a case-by-case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Owners under the Deposit Agreement, the collateral referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations to the Depositary in connection with a Pre-Release transaction, including the Pre-Releasee's obligation to deliver Shares or Receipts upon termination of a Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities under the Deposit Agreement).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

9. TITLE TO RECEIPTS.

It is a condition of this Receipt and every successive Owner and holder of this Receipt by accepting or holding the same consents and agrees, that title to this Receipt when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of New York; *provided, however*, that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this Receipt is registered on the books of the Depositary as the absolute Owner hereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement or for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under the Deposit Agreement to any holder of a Receipt unless such holder is the Owner thereof.

10. VALIDITY OF RECEIPT.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been executed by the Depositary by the manual signature of a duly authorized signatory of the Depositary; *provided, however* that such signature may be a facsimile if a Registrar for the Receipts shall have been appointed and such Receipts are countersigned by the manual signature of a duly authorized officer of the Registrar.

11. REPORTS; INSPECTION OF TRANSFER BOOKS.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission. Such reports will be available for inspection and copying at the public reference facilities maintained by the Commission located at 100 F Street, N.E., Washington, D.C. 20549.

The Depositary will make available for inspection by Owners of Receipts at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary will also, upon written request, send to Owners of Receipts copies of such reports when furnished by the Company pursuant to the Deposit Agreement. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Company shall be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

The Depositary will keep books, at its Corporate Trust Office, for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners of Receipts provided that such inspection shall not be for the purpose of communicating with Owners of Receipts in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

12. DIVIDENDS AND DISTRIBUTIONS.

Whenever the Depositary receives any cash dividend or other cash distribution on any Deposited Securities, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into United States dollars transferable to the United States, and subject to the Deposit Agreement, convert such dividend or distribution into dollars, as promptly as practicable and will distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners of Receipts entitled thereto; *provided, however*, that in the event that the Company or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes, the amount distributed to the Owners of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

Subject to the provisions of Section 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 of the Deposit Agreement, the Depositary will, as promptly as practicable, cause the securities or property received by it to be distributed to the Owners entitled thereto, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; *provided, however*, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners of Receipts entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) will be distributed by the Depositary to the Owners of Receipts entitled thereto all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under Section 4.2 of the Deposit Agreement that is sufficient to pay its fees and expenses in respect of that distribution.

If any distribution upon any Deposited Securities consists of a stock split under the Company Law, which means any kind of stock split in relation to the Shares, including a subdivision of, dividend in, or free distribution of, Shares, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, additional Receipts evidencing an aggregate number of American Depositary Shares representing the amount of Shares received as such stock split, dividend or free distribution subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depositary Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and after deduction or upon payment of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement (and the Depositary may sell, by public or private

sale, an amount of the Shares received sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary will sell the amount of Shares represented by the aggregate of such fractions by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Share, or a full Unit, as the case may be, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. No distribution to Owners pursuant to Section 4.3 of the Deposit Agreement shall be unreasonably delayed by any action of the Depositary or the Custodian. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges, and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners of Receipts entitled thereto.

In connection with any distribution to Owners, the Company or its agent will remit to the appropriate governmental agency or authority all amounts (if any) required under applicable law to be withheld and remitted by the Company or such agent and owing to such agency or authority and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required under applicable law to be withheld and remitted by the Depositary or the Custodian and owing to such authority or agency by the Depositary or Custodian. The Depositary shall forward to the Company or its agents such information from its records as the Company may reasonably request to enable the Company or its agent to file necessary reports with governmental authorities or agencies.

Owners may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or Custodian may deem necessary or proper. The Owners shall indemnify the Company, the Depositary, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit.

13. CONVERSION OF FOREIGN CURRENCY.

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall, as promptly as practicable, convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the reasonable opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

14. RIGHTS.

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its reasonable discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it reasonably determines the distribution to be lawful and feasible, in proportion to the number of American Depositary Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Owner under the Deposit Agreement, the Depositary will make such rights available to such Owner upon written notice from the Company to the Depositary that (a) the Company has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Company has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to purchase additional shares to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of the Deposit Agreement, and shall, pursuant to Section 2.3 of the Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this Article 14, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions, if any, on sale, deposit, cancellation, and transfer under such laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depositary Shares held by the Owners to whom it has reasonably determined it may not

lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depositary as provided in Section 5.9 of the Deposit Agreement and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of the Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; *provided*, that nothing in the Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to such rights or underlying securities or to endeavor to have such a registration statement declared effective. If an Owner of Receipts requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Owner is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

15. RECORD DATES.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (a) for the determination of the Owners of Receipts who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (iii) responsible for any fee assessed by the Depositary pursuant to the Deposit Agreement, or (b) on or after which each American Depositary Share will represent the changed number of Shares, subject to the provisions of the Deposit Agreement.

16. VOTING OF DEPOSITED SECURITIES.

Upon receipt from the Company of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Owners of Receipts a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received by the Depositary from the Company, (b) a statement that the Owners of Receipts as of the close of business on a specified record date will be entitled, subject to any applicable provision of law and of the Articles of Incorporation and Share Handling Regulations of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company. Upon the written request of an Owner of a Receipt as of such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable to vote or cause to be voted the amount of Shares or other Deposited Securities represented by such American Depositary Shares in accordance with the instructions set forth in such request. So long as under Japanese law and the Articles of Incorporation of the Company votes may only be cast in respect of one or more whole Units of Shares, (i) the same instructions received from Owners shall be aggregated and the Depositary shall endeavor

insofar as is practicable to vote or cause to be voted the number of whole Units in respect of which such instructions as so aggregated have been received, in accordance with such instructions, and (ii) such Owners acknowledge and agree that, if the Depositary has received the same instructions any portion of which, after aggregation of all such instructions, constitutes instructions with respect to less than a whole Unit of Shares, the Depositary will be unable to vote or cause to be voted the Shares to which such portion of the instructions applies. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Owner with respect to any of the Deposited Securities represented by the American Depositary Shares evidenced by such Owner's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Securities, provided, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

17. CHANGES AFFECTING DEPOSITED SECURITIES.

Upon any change in nominal value, change in par value, split-up, consolidation, or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, share exchange or share transfer, corporate split, or sale of all or substantially all of the assets affecting the Company or to which it is a party, or upon the acquisition, redemption or cancellation by the Company of the Deposited Securities, any securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and American Depositary Shares shall thenceforth represent, in addition to the existing Deposited Securities, the right to receive the new Deposited Securities so received, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may execute and deliver additional Receipts as in the case of a distribution in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

18. LIABILITY OF THE COMPANY AND DEPOSITARY.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, (i) if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority, or by reason of any provision, present or future, of the Articles of Incorporation or Share Handling Regulations of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from or be subject to any civil or criminal penalty on account of doing or performing any act or thing which by the terms of the Deposit Agreement or Deposited Securities it is provided shall be done or performed, (ii) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, (iv) for the inability of any Owner or holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Owners or holders, or (v) for

any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.1, 4.2 or 4.3 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of the Deposit Agreement, such distribution or offering may not be made available to Owners of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or holders of Receipts, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the Receipts, on behalf of any Owner or holder or other person. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or holder of a Receipt, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with a matter arising wholly after the removal or resignation of the Depositary, provided, that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to the reasonable fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depositary Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, pursuant to the provisions of or in connection with the Deposit Agreement and of the Receipts, as the same may be amended, modified, or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

19. RESIGNATION AND REMOVAL OF THE DEPOSITARY; APPOINTMENT OF SUCCESSOR CUSTODIAN.

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by 90 days prior written notice of such removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary in its discretion may appoint a substitute or additional custodian or custodians.

20. AMENDMENT.

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Owners or holders of Receipts in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees and cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners of Receipts, shall, however, not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the

Owners of outstanding Receipts. Every Owner of a Receipt at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby except in order to comply with mandatory provisions of applicable law.

21. TERMINATION OF DEPOSIT AGREEMENT.

The Depositary, at any time at the direction of the Company, shall terminate the Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 60 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate the Deposit Agreement by mailing notice of such termination to the Company and the Owners of all Receipts then outstanding at least 30 days prior to the date of termination, if at any time 90 days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in the Deposit Agreement. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.5 of the Deposit Agreement, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of four months from the date of termination, the Depositary may sell the Deposited Securities then held under the Deposit Agreement by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Unit, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary with respect to indemnification, charges, and expenses.

22. COMPLIANCE WITH U.S. SECURITIES LAWS.

Notwithstanding anything in the Deposit Agreement or this Receipt to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

23. SUBMISSION TO JURISDICTION; APPOINTMENT OF AGENT FOR SERVICE OF PROCESS.

In the Deposit Agreement, the Company has (i) appointed Mizuho Corporate Bank, Ltd., New York Branch, with offices at 1251 Avenue of the Americas, New York, NY 10020, as the Company's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, (ii) consented and submitted to the jurisdiction of any New York State or United States Federal Court in the City of New York in which any such suit or proceeding may be instituted, and (iii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company agrees to deliver, upon the execution and delivery of the Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depositary Shares or Receipts remain outstanding or the Deposit Agreement remains in force. In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices under the Deposit Agreement, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

24. ADOPTION OF UNIT SHARE SYSTEM OR CHANGE IN UNIT.

The Company agrees that it shall give notice to Owners, pursuant to the last two sentences of the second paragraph of Section 5.6 of the Deposit Agreement, of any amendment to its Articles of Incorporation adopting the unit share system or changing the number of Shares previously designated as a Unit at least two weeks prior to the effectiveness of such amendment.

25. WAIVER OF IMMUNITIES.

To the extent that the Company or any of its properties, assets or revenues may have or hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

Code of Ethics for Financial Professionals

Article 1. *(Purpose)*

The purpose of this Code of Ethics for Financial Professionals is to provide standards and guidelines with which all Financial Professionals of the Mizuho Financial Group, Inc. (the Company) should comply.

Article 2. *(Definition)*

In this Code of Ethics, Financial Professionals mean all directors and executive officers, as well as all managers and other employees of the Company who engage in financial reporting, accounting or disclosure.

Article 3. *(Conflicts of Interest)*

Financial Professionals shall act honestly and ethically in carrying out their respective responsibilities, including with respect to the handling of actual or apparent conflicts of interest between personal and professional relationships.

Article 4. *(Disclosure)*

Financial Professionals shall perform full, fair, accurate, timely, and understandable disclosure in financial reports and documents that the Company files with, or submits to, the supervisory authorities and in other public communications made by the Company.

Article 5. *(Compliance)*

Financial Professionals shall comply with all applicable laws, regulations and accounting principles in performing their activities.

Article 6. *(Prohibited Activities)*

No Financial Professionals shall take any action to fraudulently influence, coerce, manipulate or mislead any independent public or certified public accountant in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements misleading.

Article 7. *(Reporting)*

Financial Professionals shall promptly report actual or apparent violations of this Code of Ethics according to the Compliance Manual of the Company and other applicable Company regulations.

Article 8. *(Accountability)*

1. Financial Professionals shall be held accountable for their adherence to this Code of Ethics.

2. The failure of Financial Professionals to comply with this Code of Ethics will be subject to disciplinary action. Violations of this Code of Ethics may also constitute violations of laws or regulations and may result in civil or criminal liabilities of the relevant Financial Professional.

Article 9. *(Amendment)*

The amendment and repeal of this Code of Ethics shall require approval of the Board of Directors of the Company.

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yasuhiro Sato, certify that:

1. I have reviewed this annual report on Form 20-F of Mizuho Financial Group, Inc. (the “company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: July 23, 2015

By: /s/ Yasuhiro Sato

Name: Yasuhiro Sato

Title: Chief Executive Officer

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Junichi Shinbo, certify that:

1. I have reviewed this annual report on Form 20-F of Mizuho Financial Group, Inc. (the “company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: July 23, 2015

By: /s/ Junichi Shinbo

Name: Junichi Shinbo

Title: Chief Financial Officer

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the annual report of Mizuho Financial Group, Inc. on Form 20-F for the year ended March 31, 2015 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the United States Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Yasuhiro Sato, Chief Executive Officer, and Junichi Shinbo, Chief Financial Officer of Mizuho Financial Group, Inc., each certifies that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Mizuho Financial Group, Inc.

Date: July 23, 2015

By: /s/ Yasuhiro Sato
Name: Yasuhiro Sato
Title: Chief Executive Officer

By: /s/ Junichi Shinbo
Name: Junichi Shinbo
Title: Chief Financial Officer