MIZUHO FINANCIAL GROUP INC
Form 20-F
July 21, 2016
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2016

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)

Masahiro Kosugi, +81-3-5224-1111, +81-3-5224-1059, address is same as above

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

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

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

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

None

(Title of Class)

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

None

(Title of Class)

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

At March 31, 2016, the following shares of capital stock were issued: (1) 25,030,525,657 shares of common stock (including 6,939,703 shares of common stock held by the registrant as treasury stock), (2) 914,752,000 shares of eleventh series class XI preferred stock (including 815,828,400 shares of eleventh series class XI preferred stock held by the registrant as treasury stock).

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

Yes x No ¨

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

Yes ¨ No x

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

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

Yes x No ¨

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

Yes x No ¨

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

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

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

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

Item 17 ¨ Item 18 ¨

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

Yes ¨ No x

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

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

¨ Yes ¨ No

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

Table of Contents

MIZUHO FINANCIAL GROUP, INC.

ANNUAL REPORT ON FORM 20-F

Table of Contents

1

Table of Contents

2

Table of Contents

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this annual report, the terms Mizuho Financial Group, the Group, we, us and our generally refer to Mizuho Financial Group, Inc. and its consolidated subsidiaries, but from time to time as appropriate to the context, those terms refer to Mizuho Financial Group, Inc. as an individual legal entity. Furthermore, unless the context indicates otherwise, these references are intended to refer to us as if we had been in existence in our current form for all periods referred to herein.

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

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

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

Table of Contents

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

The following tables set forth our selected consolidated financial data.

The first table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2012, 2013, 2014, 2015 and 2016 which have been derived from the audited consolidated financial statements of Mizuho Financial Group prepared in accordance with U.S. GAAP.

The second table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2012, 2013, 2014, 2015 and 2016 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, 2014, 2015 and 2016 prepared in accordance with U.S. GAAP have been audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) by Ernst & Young ShinNihon LLC, independent registered public accounting firm.

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

Table of Contents

U.S. GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2012	2013	2014	2015	2016
	(in millions of yen, except per share data, share number information and percentages)				
Statement of income data:					
Interest and dividend income	¥ 1,437,086	¥ 1,423,375	¥ 1,422,799	¥ 1,457,659	¥ 1,500,171
Interest expense	415,959	412,851	401,565	411,982	495,407
Net interest income	1,021,127	1,010,524	1,021,234	1,045,677	1,004,764
Provision (credit) for loan losses	(23,044)	139,947	(126,230)	(60,223)	34,560
Net interest income after provision (credit) for loan losses	1,044,171	870,577	1,147,464	1,105,900	970,204
Noninterest income	1,090,135	1,439,419	1,082,834	1,801,215	1,883,894
Noninterest expenses	1,471,471	1,424,816	1,503,955	1,639,462	1,657,493
Income before income tax expense	662,835	885,180	726,343	1,267,653	1,196,605
Income tax expense	13,878	4,024	226,108	437,420	346,542
Net income	648,957	881,156	500,235	830,233	850,063
Less: Net income (loss) attributable to noncontrolling interests	(7,432)	5,744	1,751	27,185	(429)
Net income attributable to MHFG shareholders	¥ 656,389	¥ 875,412	¥ 498,484	¥ 803,048	¥ 850,492
Net income attributable to common shareholders	¥ 647,717	¥ 867,191	¥ 491,739	¥ 798,138	¥ 848,062
Amounts per share:					
Basic earnings per common share net income attributable to common shareholders	¥ 28.07	¥ 36.05	¥ 20.33	¥ 32.75	¥ 34.19
Diluted earnings per common share net income attributable to common shareholders	¥ 26.78	¥ 34.47	¥ 19.64	¥ 31.64	¥ 33.50
Number of shares used to calculate basic earnings per common share (in thousands)	23,073,544	24,053,282	24,189,670	24,368,116	24,806,161
Number of shares used to calculate diluted earnings per common share (in thousands)	24,469,539	25,365,229	25,371,252	25,381,047	25,387,033
Cash dividends per share declared during the fiscal year(1):					
Common stock	¥ 6.00	¥ 6.00	¥ 6.00	¥ 6.50	¥ 7.50
	$ 0.07	$ 0.06	$ 0.06	$ 0.05	$ 0.07
Eleventh series class XI preferred stock(2)	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00
	$ 0.24	$ 0.21	$ 0.19	$ 0.17	$ 0.18
Thirteenth series class XIII preferred stock(3)	¥ 30.00	¥ 30.00	¥ 30.00	¥	¥
	$ 0.36	$ 0.32	$ 0.29	$	$

Table of Contents

	2012	2013	2014	2015	2016
	As of and for the fiscal years ended March 31, (in millions of yen, except per share data, share number information and percentages)				
Balance sheet data:					
Total assets	¥ 166,361,633	¥ 178,746,994	¥ 175,699,346	¥ 190,119,734	¥ 193,815,546
Loans, net of allowance	65,306,370	69,060,526	72,858,777	77,528,017	77,104,122
Total liabilities	161,714,609	172,889,899	169,077,975	181,929,890	185,632,355
Deposits	91,234,380	100,221,556	102,610,154	114,206,441	117,937,722
Long-term debt	8,461,818	8,802,223	9,853,941	14,582,241	14,770,922
Common stock	5,427,992	5,460,821	5,489,295	5,590,396	5,703,144
Total MHFG shareholders equity	4,470,766	5,728,120	6,378,470	7,930,338	8,014,551
Other financial data:					
Return on equity and assets:					
Net income attributable to common shareholders as a percentage of total average assets	0.39%	0.50%	0.27%	0.42%	0.43%
Net income attributable to common shareholders as a percentage of average MHFG shareholders equity	15.56%	18.76%	9.64%	13.86%	13.33%
Dividends per common share as a percentage of basic earnings per common share	21.38%	16.64%	31.97%	22.90%	21.94%
Average MHFG shareholders equity as a percentage of total average assets	2.53%	2.67%	2.84%	3.04%	3.23%
Net interest income as a percentage of total average interest-earning assets	0.71%	0.66%	0.64%	0.63%	0.58%

Notes:

(1) Yen amounts are expressed in U.S. dollars at the rate of ¥82.41 = $1.00, ¥94.16 = $1.00, ¥102.98 = $1.00, ¥119.96= $1.00 and ¥112.42= $1.00 for the fiscal years ended March 31, 2012, 2013, 2014, 2015 and 2016, 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 1, 2016, we acquired ¥75.1 billion of eleventh series class XI preferred stock, in respect of which a request for acquisition was not made by June 30, 2016, and delivered shares of our common stock, pursuant to Article 20, Paragraph 1 of our articles of incorporation and a provision in the terms and conditions of the preferred stock concerning mandatory acquisition in exchange for common stock. On July 13, 2016, we cancelled all of our treasury shares of eleventh series class XI preferred stock.

(3) 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 ended March 31, 2015 and thereafter.

Table of Contents

Japanese GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2012	2013	2014	2015	2016
	(in millions of yen, except per share data and percentages)				
Statement of income data:					
Interest income	¥ 1,423,564	¥ 1,421,609	¥ 1,417,569	¥ 1,468,976	¥ 1,426,256
Interest expense	335,223	345,710	309,266	339,543	422,574
Net interest income	1,088,340	1,075,898	1,108,303	1,129,433	1,003,682
Fiduciary income	49,014	48,506	52,014	52,641	53,458
Net fee and commission income	458,933	507,378	560,768	593,360	607,551
Net trading income	150,317	215,033	187,421	262,963	310,507
Net other operating income	256,468	324,899	126,774	209,340	246,415
General and administrative expenses	1,283,847	1,244,647	1,258,227	1,351,611	1,349,593
Other income	263,024	198,063	344,275	301,652	365,036
Other expenses	265,803	407,299	135,962	207,147	228,807
Income before income taxes(1)	716,449	717,832	985,366	990,632	1,008,252
Income taxes:					
Current(2)	55,332	50,400	137,010	260,268	213,289
Deferred	97,494	7,461	77,960	44,723	69,260
Profit(1)	563,621	659,970	770,396	685,640	725,702
Profit attributable to non-controlling interests(1)	79,102	99,454	81,980	73,705	54,759
Profit attributable to owners of parent(1)	¥ 484,519	¥ 560,516	¥ 688,415	¥ 611,935	¥ 670,943
Net income per share:					
Basic	¥ 20.62	¥ 22.96	¥ 28.18	¥ 24.91	¥ 26.94
Diluted	19.75	22.05	27.12	24.10	26.42
Balance sheet data:					
Total assets	¥ 165,360,501	¥ 177,411,062	¥ 175,822,885	¥ 189,684,749	¥ 193,458,580
Loans and bills discounted(3)	63,800,509	67,536,882	69,301,405	73,415,170	73,708,884
Securities	51,392,878	53,472,399	43,997,517	43,278,733	39,505,971
Deposits(4)	90,636,656	99,568,737	101,811,282	113,452,451	117,456,604
Net assets	6,869,295	7,736,230	8,304,549	9,800,538	9,353,244
Risk-adjusted capital data (Basel II)(5):					
Tier 1 capital	¥ 6,398,953	n.a.	n.a.	n.a.	n.a.
Total risk-based capital	7,775,093	n.a.	n.a.	n.a.	n.a.
Risk-weighted assets	50,144,934	n.a.	n.a.	n.a.	n.a.
Tier 1 capital ratio	12.76%	n.a.	n.a.	n.a.	n.a.
Capital adequacy ratio	15.50	n.a.	n.a.	n.a.	n.a.

Table of Contents

	As of and for the fiscal years ended March 31,				
	2012	2013	2014	2015	2016
	(in millions of yen, except per share data and percentages)				
Risk-adjusted capital data (Basel III)(5):					
Common Equity Tier 1 capital	n.a.	¥ 4,802,418	¥ 5,304,412	¥ 6,153,141	¥ 6,566,488
Tier 1 capital	n.a.	6,486,068	6,844,746	7,500,349	7,905,093
Total capital	n.a.	8,344,554	8,655,990	9,508,471	9,638,641
Risk-weighted assets	n.a.	58,790,617	60,274,087	65,191,951	62,531,174
Common Equity Tier 1 capital ratio	n.a.	8.16%	8.80%	9.43%	10.50%
Tier 1 capital ratio	n.a.	11.03	11.35	11.50	12.64
Total capital ratio	n.a.	14.19	14.36	14.58	15.41

Notes:

(1) We have applied Revised Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013) and others and presentation of Net Income and others has been changed and presentation of Minority Interests has been changed to Non-controlling Interests from this fiscal year ended March 31, 2016.

(2) Includes refund of income taxes.

(3) 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.

(4) Includes negotiable certificates of deposit.

(5) 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.

9

Table of Contents

Exchange Rate Information

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

Fiscal years ended (ending) March 31,	High	Low	Average(1)	Period end
		(yen per dollar)		
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	125.58	111.30	120.13	112.42
2017 (through July 8)	112.06	100.65	105.27	100.65
Calendar year 2016				
January	¥ 121.05	¥ 116.38		
February	121.06	111.36		
March	113.94	111.30		
April	112.06	106.90		
May	110.75	106.34		
June	109.55	101.66		
July (through July 8)	102.55	100.65		

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 8, 2016 was ¥100.65 = $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.

10

Table of Contents

Risks Relating to Our Business

We may be required to increase allowance for loan losses and/or 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. We provide an allowance for loan losses taking into consideration the borrower s situation, the value of relevant collateral and guarantee, which we periodically re-evaluate, and economic trends based on our self-assessment standards as well as applicable charge-off and allowance standards. 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, including provision for loan losses and charge-offs of loans, 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. We have established the Policy Regarding Cross-holding of Shares of Other Listed Companies and, in light of the potential material adverse impact on our financial position associated with stock market volatility risk, we have decided to hold the shares of other companies as cross-shareholdings only when these holdings are meaningful, and we have accordingly sold a portion of such investments. In addition, in order to lower the risk of stock market volatility, we have been applying partial hedges as we deem necessary. 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. 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.

Table of Contents

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.

Table of Contents

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, we have been named one of the global systemically important banks (G-SIBs), and will be subject to additional capital requirements. The group of G-SIBs will be updated annually and published by the Financial Stability Board (FSB) each November. The FSB published the final standard requiring G-SIBs to maintain total loss-absorbing capacity (TLAC) in November 2015. In addition, the Financial Service Agency published a policy to develop a framework in connection with such requirements in Japan in April 2016. Accordingly, we may become subject to such regulations beginning in 2019.

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, the submission of an improvement plan that would strengthen our capital base, a restriction on the outflow of capital, 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, 2016, would have been approximately ¥20.3 billion for a one-notch downgrade and approximately ¥23.8 billion for a two-notch downgrade.

Table of Contents

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 May 2016, we announced our new Medium-term Business Plan for the three fiscal years ending March 31, 2019, in which we established a number of key targets that we aim to achieve by the end of the fiscal year ending March 31, 2019.

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 targets 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.

For further information of our Medium-term Business Plan, see Item 4. Business Overview General Progressive Development of One Mizuho The Path to a Financial Services Consulting Group.

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, as well as recently implemented measures to protect customers and our group from the rising threat of cyber attacks, illegal money transfers, targeted attacks and other risks may not be effective in preventing significant disruptions to our information technology systems caused by, among other things, human error, accidents, 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 information leaks, malfunctions or 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 that we require of our outside contractors and those designed to meet the strict requirements of the Personal Information Protection Law 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.

Table of Contents

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 a wide variety of 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. We are currently facing extreme changes in the economic environment such as the negative interest rate policy of the Bank of Japan, rising interest rates in the United States, the United Kingdom s referendum to leave the European Union and overall declines and related volatility in the value of natural resources. Significant changes in general economic conditions or financial markets due to the effect of changes in a country s fiscal policy, political turmoil and manifestations of geopolitical risks 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.

The Basel Committee on Banking Supervision is currently discussing a review of the standardized approach, internal ratings-based approach and capital floors in calculating the capital adequacy ratio. There is a risk that our capital adequacy ratio will decrease if the review results in an increase in the amount of the denominator related to our capital adequacy ratio calculation.

Moreover, future applications of or changes in other financial regulations that are continually under discussion, including liquidity standards such as the Net Stable Funding Ratio (NSFR) and leverage ratio regulations, could result in restrictions in our ability to conduct our businesses as well as the need to incur additional information technology development expenses.

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

We offer comprehensive financial services globally, centered on Banking, Trust Banking and Securities and are subject to intense competition both domestically and internationally with large financial institutions, non-bank financial institutions and others. In addition, as a result of technological advances called FinTech, an increasing number of companies have recently been crossing industry lines and entering the field of finance, and it is possible that the competitive environment surrounding us may further intensify. Moreover, due to the reforms to financial regulations made in recent years, it may become difficult to differentiate strategies between us and our competitors, resulting in the intensification of competition in specific businesses.

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

Table of Contents

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

Table of Contents

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

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

In September 2015, with a view to strengthening asset management businesses, we and The Dai-ichi Life Insurance Company, Limited reached basic agreement on integrating the asset management functions of both groups, namely, DIAM Co., Ltd., the asset management function of Mizuho Trust & Banking, Mizuho Asset Management Co., Ltd. and Shinko Asset Management Co., Ltd. In July 2016, DIAM, Mizuho Trust & Banking, Mizuho Asset Management and Shinko Asset Management entered into an integration agreement. We and The Dai-ichi Life Insurance Company will hold 51% and 49% voting rights in the new company, respectively. The effective date of integration will be October 1, 2016, subject to certain conditions precedent. The new company s name will be Asset Management One, and it is expected to become a consolidated subsidiary of ours.

In July 2016, with consideration of the rule of the Board of Governors of the Federal Reserve System (the Federal Reserve Board) regarding the operations of foreign banking organizations with U.S. operations, we established a bank holding company and have our primary U.S.-based banking, securities and institutional custody services (trust banking) entities together under the holding company, with the aim to proactively strengthen corporate governance and expand our profit base through the consistent implementation of our collaborative corporate and investment banking, securities and institutional custody services strategy in the United States in line with the global operation of our new in-house company system.

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.

We had formulated and promoted the medium-term business plan, One MIZUHO New Frontier Plan Stepping up to the Next Challenge , for the three year period from fiscal year 2013. As the final year of the plan, we positioned the fiscal year ended March 31, 2016 as the year in which we would do our utmost to establish competitive advantages, and together strived to further promote the evolution of the integrated strategy between banking, trust banking and securities functions, namely the One MIZUHO strategy, and enhance our corporate governance.

As part of this approach, in the fiscal year ended March 31, 2016, we selected four key focus areas transactions with corporations and their owners, transactions with large corporations, transactions with non-Japanese blue chip companies, and asset management and endeavored to achieve growth in earning capabilities.

Table of Contents

In asset management, we and Dai-ichi Life Insurance Company, Limited have, for the purpose of strengthening the asset management business, been proceeding with detailed preparation such as decisions on the integration of the asset management functions of the two groups in October 2016 and naming the new company Asset Management One. Asset Management One will aim at providing customers with solutions of the highest standard, while fulfilling its fiduciary duties.

Moreover, the environment surrounding new financial services has been changing recently, such as the development of what is commonly referred to as FinTech, which involves the integration of finance and information and communication technology (ICT), and under such circumstances, we upgraded our call centers by introducing an artificial intelligence-based computer system and began providing internet-based asset management services by making efforts to develop advanced products and services that lead to the creation of new business and the improvement of customer accessibility.

With respect to the corporate governance system, we, as a Company with Three Committees, established a system that will allow us to sufficiently fulfill our obligations to our shareholders. In addition, in June 2015, we, as a listed company, promptly filed with the Tokyo Stock Exchange the Report on Corporate Governance describing our responses to the new Corporate Governance Codes requirement. Accordingly, we are in compliance with all of the principles.

In addition, in an effort to further enhance its risk governance, we, as a financial group among the Global Systemically Important Financial Institutions (G-SIFIs), clarified our role and responsibilities in its business operations in preparation for the implementation of the principles in April 2016, in accordance with the three lines of defense set forth in the revised Corporate governance principles for banks, published in July 2015 by the Basel Committee on Banking Supervision.

With respect to legal compliance, in conjunction with further enhancing its framework for the severance of transactions with anti-social elements, we intensified various efforts, including our countermeasures against money laundering and terrorist financing.

Progressive Development of One MIZUHO The Path to a Financial Services Consulting Group

We have launched our new three-year medium-term business plan, the Progressive Development of One MIZUHO The Path to a Financial Services Consulting Group, formulated for the three years beginning fiscal year ending March 31, 2017.

This plan aims to establish a business model that can respond to changes in the new business environment in respect of the global economy, such as changes to the situation where emerging economies had been bolstering the economies of developed countries and the prolonged weakness in resource prices, and even game changers such as the rapid development of innovation in financing, in addition to an uncertain regulatory environment.

Specifically, in addition to strictly observing the customer-focused perspective that we promoted in the previous medium-term business plan, we will pursue operational excellence as part of a project to promote greater improvements and efficiency in a harsh economic environment.

The new medium-term business plan has as its two foundations the customer-focused perspective and the operational excellence approach, and it aims to further develop the One MIZUHO strategy adopted in the previous medium-term business plan, by establishing a new business model that we call a financial services consulting group. As our vision to be realized in the new medium-term business plan, we have developed five basic policies, and to add more detail to these basic policies, we have also developed ten basic strategies consisting of business strategies, financial strategies and strategies for management foundations.

Our Objectives Under the Medium-Term Business Plan

By establishing a customer-focused business platform, we will form deeper relationships with our customers via our financial intermediary functions and our ability to take highly measured risks, and build a future in economies and communities as the most trusted financial partner in providing solutions for our customers. In the interest of building the new business model described herein, we have established the following objectives in the medium-term business plan.

A Financial Services Consulting Group The most trusted partner in solving problems and supporting the sustainable growth of customers and communities

Five Basic Policies

- Introduction of the in-house company system
- Selecting and focusing on certain areas of business
- Establishment of a resilient financial base
- Proactive involvement in financial innovation
- Embedding a corporate culture that encourages the active participation of our workforce to support a stronger Mizuho

Ten Basic Strategies

Business strategies

- Strengthening our non-interest business model on a global basis
- Responding to the shift from savings to investment
- Strengthening our research & consulting functions
- Responding to FinTech
- Promoting the Area One MIZUHO strategy (i.e., the implementation of the One MIZUHO strategy in each geographical area by collaboration of banking, trust banking and securities functions. The business offices independently design and implement their respective strategies)

Financial strategies

Controlling the balance sheet and reforming the cost structure

Disposing of cross-shareholdings

Management foundations

Completing implementation of the next generation IT system

Fundamental reforms of HR management

Continued initiatives towards embedding a corporate culture to support the creation of a stronger organization

Operational Excellence

We will pursue an operational excellence approach, with the aim of improving our operations, which provides the ability to put the One MIZUHO strategy into action, differentiate our strategy under the customer-

Table of Contents

focused perspective to secure our sustained competitive advantages and increase added value for customer service. We will thoroughly review the existing operational processes in order to increase operational efficiency and create customer value by enhancing the sophistication of operations.

Introduction of the In-House Company System

On April 1, 2016, we introduced an in-house company system based on customer segments in order to strictly observe the customer-focused perspective. The aim of this system is to utilize our strengths and competitive advantage as a holding company, which integrates the banking, trust banking and securities functions, to promptly provide the highest-quality financial services that closely match customer needs.

Thus far, under the business unit system, we have developed targeted strategies across our group companies, which are tailored to the characteristics of our respective customers. Under the in-house company system, we will further pursue such goal. The new system helps us to proceed with the process from planning to implementation of the strategies robustly and swiftly so that we can develop consistent strategies according to the characteristics of our customers.

More specifically, we established the following five in-house companies to thoroughly strengthen the customer-focused perspective:

- the Retail & Business Banking Company;
- the Corporate & Institutional Company;
- the Global Corporate Company;
- the Global Markets Company; and
- the Asset Management Company.

With respect to the functions related to products and research, we newly established two separate units in order to further enhance expertise and utilize capabilities across all in-house companies. With respect to the functions related to research, we consolidated our research and consulting functions into One Think-tank, and we established the new Research & Consulting Unit to create a team of experts dedicated to addressing the various challenges that our customers may face.

Furthermore, we will streamline head office operations and implement prompt decision-making processes in order to further enhance our front-line business and sales capabilities. At the same time, we will work to increase our earnings capacity and reform the risk-return structure, in accordance with our risk appetite framework (the basic policy regarding our risk taking activity).

For the fiscal year ending March 31, 2017, keeping in mind the increasing uncertainty regarding changes in the economic environment, together with the introduction and formation of an in-house company system that promotes a customer-focused perspective and the establishment of operational excellence, we have steadily promoted ten basic strategies in order to become a financial services consulting group.

Establishing a U.S. Bank Holding Company

We established a U.S. bank holding company Mizuho Americas LLC which is wholly owned by Mizuho Bank, and our primary U.S. subsidiaries were reorganized under the umbrella of the holding company in July 2016. Based on the Federal Reserve Board s proposed rule that came into effect on July 1, 2016 regarding the operations of foreign banking organizations with U.S. operations, we established the bank holding company and brought its primary U.S.-based banking, securities and institutional custody services (trust banking) entities together under the holding company. We believe this structure will allow us to proactively strengthen corporate governance and implement our collaborative corporate and investment banking, securities and institutional custody services strategy in the United States, in line with our new in-house company system.

24

Table of Contents

Upgrading Risk Appetite Framework

We have introduced a risk appetite framework, in light of enhancement of corporate value through the integrated group-wide operation of business strategies, financial strategies and risk controls. We determine our management resource allocation and profit plans based on discussions regarding the types and the level of risk that is required to be taken in realizing our strategy, monitor the operation status and take other necessary measures, thereby aiming to balance our risk-return.

We also established the Action Guideline for Risk for the purpose of realization of the values and principles that must be shared in confronting risk. We will continuously strive to nurture a sound risk culture through actions to raise the awareness of all officers and employees regarding the Action Guideline for Risk to ensure effectiveness of our risk appetite framework.

Completing Implementation of the Next Generation IT System

As it is the most important and largest systems project, we are taking all possible measures to complete the next-generation IT systems in a safe and steady manner.

Disposing of Cross-Shareholdings

As stated in the Corporate Governance Report, as a basic policy, unless we consider these holdings to be meaningful, we will not hold listed shares for strategic reasons. We will continue to strive to dispose of cross-shareholdings in order to decrease the potential impact on our financial position due to fluctuations in stock prices, and to be able to fully perform financial intermediary functions even under periods of stress.

Fundamental Reforms of HR Management

In order to enhance employee engagement (a relationship under which an organization and its employees contribute to each other s growth) and strengthen the competitive advantage from the perspective of human resources, we will take initiatives to fundamentally reform human resources management. We will establish the principles of our human resource strategy, human resource system and human resource management, enhance the willingness of all employees to improve their capabilities and to contribute to the organization, and enable employees to work actively over the long term by sustainably developing and fully utilizing their abilities, for the purpose of differentiation in respect of human resources.

Fulfillment of Fiduciary Duties

We have established our policies for fulfilling our fiduciary duties with respect to the asset management-related business, in order to continue to be our customers most trusted financial services group as their long-term partner. We will further strengthen our efforts to fulfill our fiduciary duties at each of the group companies through measures in line with such policies, including provision of appropriate products and services that are in its customers best interests.

Continued Initiatives Towards Embedding a Corporate Culture to Support the Creation of a Stronger Organization

We will continue to take initiatives to establish a strong corporate culture. Specifically, we will further strengthen continued actions related to each initiative, such as (i) initiatives toward the realization of the Vision of Individual Offices, which defines the visions to be aimed for by each division and branch, and (ii) convening General Managers Off-site Meetings for general managers of head office divisions and marketing offices in Japan and overseas to discuss the corporate culture.

Table of Contents

Establishment of Strong Mizuho Brand

We aim to establish a strong Mizuho brand by positioning the new medium-term business plan as the action plan for the establishment of the Mizuho brand and by achieving our goal of becoming a financial services consulting group with the aim of being the most trusted partner in solving problems and supporting the sustainable growth of customers and communities. We will strive to achieve the goals of the medium-term business plan, and at the same time, will continue to implement measures to further improve the value of the Mizuho brand by means such as undertaking effective brand communication activities.

Group Operations

Group Management Structure

We introduced our new in-house company system that is divided by customer segments. The previous ten units were reorganized into the following five in-house companies and two units to determine and execute strategies and initiatives group-wide.

Retail & Business Banking Company

In the asset management business area, we have expanded our line of products and provided advice 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, while also fulfilling our fiduciary duties. In addition, Mizuho Bank engages in brokerage services of Mizuho Securities financial products.

Furthermore, in order to support the smooth succession of our customers assets, we provide services such as inheritance distribution service and testamentary-trust that utilize trust function, and we have also expanded our line of products such as family trusts and annual fund giving trusts.

With respect to the loan business, we have expanded our line 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, we have expanded our branch network throughout Japan (Mizuho Bank: 462, Mizuho Trust & Banking: 55, Mizuho Securities: 272, each as of March 31, 2016) and our ATM network (approximately 6,700 locations as of March 31, 2016, including ATMs shared with AEON Bank). We also have 165 of Mizuho Securities Planet Booths, which are located in the branches and offices of Mizuho Bank and 18 of Mizuho Trust & Banking Trust Lounges (which are located in the branches and offices of Mizuho Bank) as of March 31, 2016.

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.

For small and medium-sized enterprises and middle market firms, the Retail & Business Banking Company will provide solutions with respect to both types of needs: management issues such as business development; and personal issues of customers who are business owners, etc., such as asset inheritance and management, etc.

Table of Contents

Starting from consulting services based on a customer-focused approach, we offer multilayered solutions in response to the various development stages of our customers businesses through the combined strength of our banking, trust, securities, asset management and research & consulting functions.

Specifically, 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 offering optimal solutions for businesses such as offering syndicated loans targeted at small and medium-sized enterprises and middle market firms, advisory services related to overseas expansions, mergers and acquisitions-related services and business matching services, in addition to developing the financial products brokerage business and strengthening the initiatives to enhance the customer base for trustee business for defined contribution pension plans.

Furthermore, due to the aging population of directors of Japanese businesses, business succession and asset inheritance has become a matter of urgency. Using our succession and property know-how, we offer positive solutions for optimal and smooth succession for customers with respect to both types of needs arising from personal and corporate capital management policy and organizational restructuring, and measures for smooth inheritance by successors of business ownership and corporate stock.

Moreover, we plan to expand our future customer base by making full use of our existing customer base to discover innovative companies that show future promise for the integrated group and by strengthening financing for growth.

In this manner, we aim to grow with our customers into a financial services consulting company.

Corporate & Institutional Company

The Corporate & Institutional Company engages in relationship management for our customers that are large corporations, financial institutions and public sector businesses in Japan.

For large corporate customers, based on our solid customer relationships and utilizing our global industry knowledge, we offer group-wide financial solutions that are tailor made for each customer, such as syndicate loans, bonds and M&A, etc., on a global basis to meet our customers needs in fund-raising, investment, 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 to provide our customers solutions based on their capital management, business strategy and financial strategy on a global basis.

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.

For our customers that are financial institutions, we offer advisory services and solutions, such as advice on financial strategy 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.

For public sector customers, as a leading bank rich in experience and with a history of achieving results, we provide optimal financial services group-wide that include funding support as a trustee and underwriter of public bonds and services as a designated financial institution.

In the field of the revitalization of regional areas in Japan, which forms a part of the government s Japan Revitalization Strategy, we engage in activities such as encouraging the transformation of the agricultural, forestry and fishing industries into growth sectors, and launching PPP and PFI projects in airports and other public facilities, in collaboration with regional financial institutions, national and regional government entities and their affiliates.

Throughout these endeavors, we aim to be our customers most trusted partner.

Global Corporate Company

The Global Corporate Company works with non-Japanese companies and Japanese companies operating outside Japan.

For our Japanese corporate customers, we provide unified support both in and outside Japan to help them expand their overseas operations. We offer highly specialized services that use our advanced financial technologies and expertise. Particularly in the Asia region, we support Japanese corporate customers developing new markets by offering advisory and other services.

We are also expanding business with non-Japanese corporate customers, including U.S. and European global companies developing business in Asia as well as Asian multinational enterprises expanding within Asia, through our global network. With respect to our non-Japanese corporate customers, we are proceeding with our strategy of focusing on blue-chip customers. We have acquired the North American wholesale asset portfolio from the Royal Bank of Scotland (RBS) as an initiative to accelerate this strategy. With over 100 people joining from RBS, we are further enhancing the integration of our banking and securities functions and expanding our blue-chip customer base in the Americas. Our presence has grown as evidenced by our involvement in major M&A deals that led to industry realignments and our rising position in US debt capital market league tables.

Meanwhile, we are supporting these moves by expanding our overseas office network and strengthening our business support framework for our customers outside Japan. We opened the Yangon Branch and the Thilawa Front Office in Myanmar, the Ahmedabad Branch in India, the San Francisco Representative Office in the United States and the Vienna Branch in Austria. In Mexico, we received approval from the financial authority to establish a local bank and are making preparations to start its operation within 2016.

We are also working with government-affiliated institutions and financial institutions of various countries, forming business alliances as necessary, to provide up-to-date local information and other entry support to our customers interested in starting business in new markets. We are enhancing our service framework to address the diverse needs of customers, who also need post-entry support.

As we see major changes in the global economy and the regulatory framework, we aim to achieve sustainable growth by improving our business portfolio, promoting cross-selling and strengthening our business and management base.

Global Markets Company

In addition to asset liability management and investment business with respect to interest rates, equities and credit, etc., the Global Markets Company will provide sales and trading services to a wide range of customers, from individuals to institutional investors, by offering a comprehensive range of market related products, such as interest rates, foreign exchange, equities and commodities.

With respect to the sales and trading business, through a management structure based on customer segments, we offer detailed 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.

Table of Contents

Specifically, we are strengthening our contact with customers at branches for our customers that are small and medium-sized enterprises and middle market firms, and we are providing ideas that reflect market perspectives for transactions involving large corporations and financial institutions. For investors such as hedge funds and asset managers, we use our comprehensive strength in banking and securities to provide products that meet our customers needs.

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

The Global Markets Company aims at becoming a leading global player in Asia by utilizing its capacity to offer a wide range of products based on the collaboration among the banking, trust banking and securities functions.

Asset Management Company

While fulfilling fiduciary duties, the Asset Management Company develops products and provides services that correspond to the needs of a broad customer base ranging from individuals to institutional investors. In addition to preparing for the establishment of the integrated asset management company Asset Management One, we will:

- provide individual customers with products that help them build up their assets;
- increase our capacity to provide and select products that match the diversified needs of customers, such as pension funds; and
- strengthen our efforts to offer comprehensive services such as providing defined contribution and benefit pension services simultaneously to meet client needs.

We entered into an alliance with Matthews International Capital Management, an independent, privately owned firm and the largest dedicated Asia investment specialist in the United States, through which Matthews International Capital Management became our equity-method affiliate. Through this alliance, we aim to expand our global asset management platform from the perspective of enhancement of our ability to respond to customer needs.

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.

The Asset Management Company aims to contribute to the revitalization of domestic monetary assets through the foregoing approaches.

Global Products Unit

The Global Products Unit will cooperate with each of the in-house companies to provide solutions, such as advice on business and financial strategies, financing support, domestic and foreign exchange and settlement, to customers by making full use of our expertise.

The Investment Banking Business provides sophisticated financial solutions mainly in the business areas of mergers and acquisitions, real estate, asset finance, project finance and corporate finance.

Table of Contents

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 projects developed through the various deals we have arranged over the years, we offer solutions such as various financing methods that utilize 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, renewable energy-related funding 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.

The Transaction Business provides solutions 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 for our 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 promote custody, global custody and yen correspondence settlement, asset management and stock transfer agent services.

In addition, we are further expanding our range of services through cooperation with our group companies.

The Global Products Unit aims to support our goal of becoming a financial services consulting group from the perspective of products through the foregoing approaches.

Research & Consulting Unit

The Research and Consulting Unit was established by integrating our research and consulting functions to support our aim of becoming a financial services consulting group.

The Unit, called One Think-tank, is made up of Mizuho Bank s Industry Research Department, Mizuho Trust Bank s Consulting Department, Mizuho Securities Research and Consulting Unit, Mizuho Information & Research Institute Inc., Mizuho Research Institute Ltd. and Mizuho-DL Financial Technology Co., Ltd.

In addition to research and analysis on a wide range of topics ranging from macroeconomics to industry trends, the research function offers policies based on such research and analysis.

The consulting function covers a wide range of topics ranging from general to specific, such as management strategy & business strategy, business management & financial strategy, human resources, pensions & pension asset management, initial public offerings & capital policy, business & asset succession, information technology & systems, environment & energy, telecommunications technology and financial engineering, etc. Using the strengths of the research and consulting functions, the unit provides solutions to address customers various actual and potential challenges.

Table of Contents

The unit aims to be an ensemble of experts dedicated to providing customers with solutions to the issue they may be dealing with.

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 financial services providers that utilize FinTech.

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 June 30, 2016): (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.

Table of Contents

Based on information published by the Financial Services Agency, available as of June 30, 2016, there were 53 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. In November 2015, the shares of three main companies of the Japan Post group were listed on the Tokyo Stock Exchange, with Japan Post Holdings disposing of approximately 11% of its ownership in the two subsidiaries, while the Japanese government disposed of approximately 11% of its ownership in Japan Post Holdings. Japan Post Holdings plans to initially dispose of its two subsidiaries shares gradually down to approximately 50% ownership.

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

Supervision and Regulation

Japan

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

Financial Services Agency

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

Table of Contents

Under the Banking Act, the Prime Minister s authority over banks and bank holding companies in Japan extends to various areas, including granting and cancellation of licenses, ordering the suspension of business in whole or in part and requiring submission of business reports or materials. Under the prompt corrective action system, the Financial Services Agency, acting on behalf of the Prime Minister, may take corrective action in the case of failure to meet the minimum capital adequacy ratio of banks, their subsidiaries and companies having special relationships prescribed by the cabinet order. See Capital Adequacy below. 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.

In addition, under the capital distribution constraints system introduced in March 2016, the Financial Services Agency, acting on behalf of the Prime Minister, may order a bank to submit and carry out a capital distribution constraints plan. See Capital Adequacy below. The capital distribution constraints plan is required to be considered reasonable to restore the capital buffer and include restrictions on capital distributions, such as dividends, share buybacks and bonuses payments, up to a certain amount as determined depending on the level of the capital buffer.

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.

Table of Contents

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 deposit 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 and dispose of the assets of the bank 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 loans, 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 (item 1 measures (dai ichigo sochi)); (ii) if the bank is likely to 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 (item 2 measures (dai nigo sochi)); and (iii) if the bank is likely to 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 (item 3 measures (dai sango sochi)). 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 (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) stipulated in Article 126-2, Paragraph 1, Item 1 of the Deposit Insurance Act or the measures described in (b) (specified item 2 measures)(tokutei dai nigo sochi) stipulated in Article 126-2, Paragraph 1, Item 2 of the Deposit Insurance Act, 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

Table of Contents

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 special control (tokutei kanri) of the Deposit Insurance Corporation. The business or liabilities of the financial institution subject to the special supervision (tokubetsu kanshi) or special control (tokutei kanri) 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) above 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.

If the Deposit Insurance Corporation has provided such financial assistance, the Prime Minister may designate the movable assets and claims of the failed financial institution as not subject to attachment under Article 126-16 of the Deposit Insurance Act, and such merger, business transfer, corporate split or other reorganization may be conducted outside of the court-administrated insolvency proceedings. If the financial institution subject to the special supervision or the special control by the Deposit Insurance Corporation as set forth above 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 financial institution may transfer all or a material portion of its business or all or a portion of shares of its subsidiaries or implement corporate split or certain other corporate actions with court permission in lieu of any shareholder resolutions under Article 126-13 of the Deposit Insurance Act, which permission may be granted by the court in accordance with the Deposit Insurance Act if (i) the financial institution is under special supervision by, or under special control of, the Deposit Insurance Corporation pursuant to the Deposit Insurance Act, and (ii) the financial institution is, or is likely to be, unable to fully perform its obligations with its assets, or the financial institution has suspended, or is likely to suspend, repayment of its obligations. In addition, the Deposit Insurance Corporation must request other financial institution creditors of the failed financial institution to refrain from exercising their rights against the failed financial institution until measures necessary to avoid the risk of significant disruption to the financial system in Japan have been taken, if it is recognized that such exercise of their rights is likely to make it difficult to conduct an orderly resolution of the failed financial institution.

According to the announcement made by the Financial Services Agency in March 2014, (i) Additional Tier 1 instruments and Tier 2 instruments under Basel III issued by a bank must be written down or converted into common shares when the Prime Minister confirms that item 2 measures (dai nigo sochi), item 3 measures (dai sango sochi) or specified item 2 measures (tokutei dai nigo sochi) need to be applied to the bank and (ii) Additional Tier 1 instruments and Tier 2 instruments under Basel III issued by a bank holding company must be written down or converted into common shares when the Prime Minister confirms that specified item 2 measures (tokutei dai nigo sochi) need to be applied to the bank holding company.

Recovery and Resolution Plan

In November 2015, the Financial Stability Board published the latest list of G-SIBs. The list is annually updated by the Financial Stability Board each November, and the list as of November 2015 includes us. A recovery and resolution plan must be put in place for each G-SIB, 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-SIBs 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-SIB.

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, in principle, 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, in principle, 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. It should be noted that due to the revision of the Banking Act in May 2016, it is now possible for bank holding companies and banks to acquire and own voting rights in financial technology companies (including companies that use information and communication technology or other technology to advance the banking industry, as well as companies whose businesses contribute or are expected to contribute to improving user convenience) that exceed the ordinary amount of voting rights if they receive approval from the Prime Minister. This amendment will go into effect under a cabinet order that will be set forth within one year of June 3, 2016.

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.

Table of Contents

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

Sales of Financial Products

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

Self-Assessment and Reserves

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

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

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,.

Table of Contents

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 ¥1,199.6 billion of shares during the period from March 12, 2009 through June 30, 2016. 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 March 31, 2026 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

Table of Contents

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%.

In November 2015, the Financial Services Agency published revised capital adequacy guidelines and related ordinances to introduce the capital buffer requirements under the Basel III rules for Japanese banks and bank holding companies with international operations, which include the capital conservation buffer, the countercyclical buffer and the additional loss absorbency requirements for G-SIBs and domestic systemically important banks (D-SIBs). These guidelines have become effective on March 31, 2016. The capital conservation buffer, the countercyclical capital buffer and the additional loss absorption capacity requirement for G-SIBs and D-SIBs must be met with Common Equity Tier 1 capital under the revised guidelines, and if such buffer requirements are not satisfied, a capital distribution constraints plan is required to be submitted to the Financial Services Agency and carried out. The capital conservation buffer is being phased in starting in March 2016 at 0.625% until becoming fully effective in March 2019 at 2.5%. In addition, subject to national discretion by the respective regulatory authorities, if the relevant national authority judges a period of excess credit growth to be leading to the build-up of system-wide risk, a countercyclical capital buffer ranging from 0% to 2.5% would also be imposed on banking organizations. The countercyclical capital buffer is a weighted average of the buffers deployed across all the jurisdictions to which the banking organization has credit exposures. Further, we were designated as both a G-SIB and D-SIB, and the additional loss absorption capacity requirement applied to us as a result was 1.0%. The additional loss absorption capacity requirement was the same as that imposed by the Financial Stability Board, which is being phased in starting in March 2016 at 0.25% until becoming fully effective in March 2019 at 1.0%, assuming our foregoing regulatory status stays the same.

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.

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 rises in equal annual steps of 10 percentage points to reach 100% on January 1, 2019, with a minimum requirement of 70% during the period from January 1 to December 31, 2016. The Basel Committee on Banking Supervision issued final requirements for LCR-related disclosures on January 12, 2014, and the LCR disclosure guidelines of the Financial Services Agency, which reflect such requirements, have been applied to banks and bank holding companies with international operations from June 30, 2015. The LCR disclosure guidelines require such banks and bank holding companies to disclose their LCR in common templates starting from information as of June 30, 2015.

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

Total Loss Absorbing Capacity

Related to regulatory capital requirements, in November 2015, the Financial Stability Board issued the final TLAC standard for G-SIBs. The TLAC standard has been designed so that failing G-SIBs will have sufficient loss-absorbing and recapitalization capacity available in resolution for authorities to implement an orderly resolution. G-SIBs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, G-SIBs will be required to meet a Minimum TLAC requirement of at least 16% of the resolution group s risk-weighted assets as from January 1, 2019 and at least 18% as from January 1, 2022. Minimum TLAC must also be at least 6% of the Basel III leverage ratio denominator as from January 1, 2019, and at least 6.75% as from January 1, 2022.

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

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 on October 1 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, Los Angeles and Park Avenue (New York) branches and Houston, Atlanta and San Francisco 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.

Table of Contents

Mizuho Financial Group, Mizuho Bank and Mizuho Americas are financial holding companies (FHCs) 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 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, and Mizuho Americas became an FHC in July 2016. 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.

Table of Contents

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 $50 billion or more 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 requirements under Regulation YY that 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. In consideration of certain enhanced prudential requirements under the Federal Reserve Board s Regulation YY, we established a new U.S. bank holding company, Mizuho Americas, which is a wholly owned direct subsidiary of Mizuho Bank, and brought our U.S. bank subsidiaries, Mizuho bank (USA) and Mizuho Trust & Banking Co. (USA), and our U.S. securities broker dealer, Mizuho Securities USA Inc., together as subsidiaries under the holding company. The establishment of Mizuho Americas was part of a larger internal corporate reorganization, which was taken with the aim of, among other things, strengthening corporate governance practices and operations.

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) is 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

Table of Contents

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, giving 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 Board 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

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, which are related to the Government of Iran, 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. In the fiscal year ended March 31, 2016, 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 to the extent permitted under applicable laws.

Activities through correspondent banking accounts

In the fiscal year ended March 31, 2016, Mizuho Bank conducted no fund transfer through accounts it maintains for or at a limited number of Iranian banks related to the Government of Iran and a bank designated under E.O. 13224. Mizuho Bank has policies and procedures to process transfers through these accounts only after confirming that such transactions do 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, 2016 attributable to fees for maintaining such accounts was less than ¥0.1 million, with a net profit of less than that amount. Mizuho Bank will process transfers through these accounts only under the limited circumstances where the transfer would conform to Mizuho Bank s compliance policies and procedures, applicable international sanctions laws, and after obtaining a license issued by Japan s Ministry of Finance where necessary.

Table of Contents

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, 2016:

Notes:

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

(2) On July 1, 2016, Mizuho Americas was established as a U.S. bank holding company, wholly owned by Mizuho Bank, and Mizuho s primary U.S. subsidiaries were reorganized under the umbrella of the holding company.

(3) In September 2015, we and The Dai-ichi Life Insurance Company, Limited reached basic agreement on integrating the asset management functions of both groups, namely, DIAM, the asset management function of Mizuho Trust & Banking, Mizuho Asset Management and Shinko Asset Management. In July 2016, DIAM, Mizuho Trust & Banking, Mizuho Asset Management and Shinko Asset Management entered into an integration agreement. We and The Dai-ichi Life Insurance Company will hold 51% and 49% voting rights in the new company, respectively. The effective date of integration will be October 1, 2016, subject to certain conditions precedent, and the name of the new company, which is expected to become a consolidated subsidiary of ours, will be Asset Management One.

Table of Contents

The following table sets forth information with respect to our principal consolidated subsidiaries as of March 31, 2016:

Name	Country of organization	Main business	Proportion of ownership interest (%)