MIZUHO FINANCIAL GROUP INC
Form 20-F
July 25, 2014
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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, 2014

OR

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

OR

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

For the transition period from to

Commission file number 001-33098

Kabushiki Kaisha Mizuho Financial Group

(Exact name of Registrant as specified in its charter)

Mizuho Financial Group, Inc.

(Translation of Registrant s name into English)

Japan

(Jurisdiction of incorporation or organization)

1-5-5 Otemachi

Chiyoda-ku, Tokyo 100-8176

Japan

(Address of principal executive offices)

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

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

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

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

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

None

(Title of Class)

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

None

(Title of Class)

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

At March 31, 2014, the following shares of capital stock were issued: (1) 24,263,885,187 shares of common stock (including 10,637,825 shares of common stock held by the registrant as treasury stock), (2) 914,752,000 shares of eleventh series class XI preferred stock (including 602,100,700 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

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.

MIZUHO FINANCIAL GROUP, INC.

ANNUAL REPORT ON FORM 20-F

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

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

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

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to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks and uncertainties include, without limitation, the following:

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

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

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

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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, 2010, 2011, 2012, 2013 and 2014 which have been derived from the audited consolidated financial statements of Mizuho Financial Group prepared in accordance with U.S. GAAP included in this annual report.

The second table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2010, 2011, 2012, 2013 and 2014 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, 2012, 2013 and 2014 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.

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U.S. GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2010	2011	2012	2013	2014
	(in millions of yen, except per share data, share number information and percentages)				
Statement of income data:					
Interest and dividend income	¥ 1,632,282	¥ 1,460,184	¥ 1,437,086	¥ 1,423,375	¥ 1,422,799
Interest expense	528,159	448,857	415,959	412,851	401,565
Net interest income	1,104,123	1,011,327	1,021,127	1,010,524	1,021,234
Provision (credit) for loan losses	222,102	647	(23,044)	139,947	(126,230)
Net interest income after provision (credit) for loan losses	882,021	1,010,680	1,044,171	870,577	1,147,464
Noninterest income	1,330,847	1,036,532	1,090,135	1,439,419	1,082,834
Noninterest expenses	1,526,413	1,435,855	1,471,471	1,424,816	1,503,955
Income before income tax expense (benefit)	686,455	611,357	662,835	885,180	726,343
Income tax expense (benefit)	(360,195)	193,227	13,878	4,024	226,108
Net income	1,046,650	418,130	648,957	881,156	500,235
Less: Net income (loss) attributable to noncontrolling interests	46,961	5,461	(7,432)	5,744	1,751
Net income attributable to MHFG shareholders	¥ 999,689	¥ 412,669	¥ 656,389	¥ 875,412	¥ 498,484
Net income attributable to common shareholders	¥ 988,603	¥ 403,231	¥ 647,717	¥ 867,191	¥ 491,739
Amounts per share:					
Basic earnings per common share net income attributable to common shareholders	¥ 70.55	¥ 20.44	¥ 28.07	¥ 36.05	¥ 20.33
Diluted earnings per common share net income attributable to common shareholders	¥ 61.64	¥ 19.22	¥ 26.78	¥ 34.47	¥ 19.64
Number of shares used to calculate basic earnings per common share (in thousands)	14,013,058	19,722,818	23,073,544	24,053,282	24,189,670
Number of shares used to calculate diluted earnings per common share (in thousands)	16,200,812	21,415,109	24,469,539	25,365,229	25,371,252
Cash dividends per share declared during the fiscal year[1]:					
Common stock	¥ 10.00	¥ 8.00	¥ 6.00	¥ 6.00	¥ 6.00
	$ 0.11	$ 0.10	$ 0.07	$ 0.06	$ 0.06
Eleventh series class XI preferred stock	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00
	$ 0.21	$ 0.24	$ 0.24	$ 0.21	$ 0.19
Thirteenth series class XIII preferred stock[2]	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00
	$ 0.32	$ 0.36	$ 0.36	$ 0.32	$ 0.29

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	As of and for the fiscal years ended March 31,				
	2010	2011	2012	2013	2014
	(in millions of yen, except per share data, share number information and percentages)				
Balance sheet data:					
Total assets	¥ 158,351,456	¥ 161,985,670	¥ 166,361,633	¥ 178,746,994	¥ 175,699,346
Loans, net of allowance	62,903,418	63,955,284	65,306,370	69,060,526	72,858,777
Total liabilities	155,019,438	157,950,314	161,714,609	172,889,899	169,077,975
Deposits	86,776,251	89,215,627	91,234,380	100,221,556	102,610,154
Long-term debt	8,482,434	8,953,496	8,461,818	8,802,223	9,853,941
Common stock	4,324,705	5,164,160	5,427,992	5,460,821	5,489,295
Total MHFG shareholders equity	2,966,215	3,673,487	4,470,766	5,728,120	6,378,470
Other financial data:					
Return on equity and assets:					
Net income attributable to common shareholders as a percentage of total average assets	0.62%	0.25%	0.39%	0.50%	0.27%
Net income attributable to common shareholders as a percentage of average MHFG shareholders equity	39.99%	12.63%	15.56%	18.76%	9.64%
Dividends per common share as a percentage of basic earnings per common share	11.34%	29.35%	21.38%	16.64%	31.97%
Average MHFG shareholders equity as a percentage of total average assets	1.56%	2.01%	2.53%	2.67%	2.84%
Net interest income as a percentage of total average interest-earning assets	0.82%	0.75%	0.71%	0.66%	0.64%

Notes:

(1) Yen amounts are expressed in U.S. dollars at the rate of ¥93.40 = $1.00, ¥82.76 = $1.00, ¥82.41 = $1.00, ¥94.16 = $1.00 and ¥102.98 = $1.00 for the fiscal years ended March 31, 2010, 2011, 2012, 2013 and 2014, respectively. These rates are the noon buying rates on the respective fiscal year-end dates in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

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

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Japanese GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2010	2011	2012	2013	2014
	(in millions of yen, except per share data and percentages)				
Statement of income data:					
Interest income	¥ 1,571,994	¥ 1,457,687	¥ 1,423,564	¥ 1,421,609	¥ 1,417,569
Interest expense	420,287	348,242	335,223	345,710	309,266
Net interest income	1,151,707	1,109,444	1,088,340	1,075,898	1,108,303
Fiduciary income	49,100	49,388	49,014	48,506	52,014
Net fee and commission income(1)	466,040	458,824	458,933	507,378	560,768
Net trading income	312,330	243,983	150,317	215,033	187,421
Net other operating income	17,436	163,680	256,468	324,899	126,774
General and administrative expenses(1)	1,317,247	1,277,848	1,283,847	1,244,647	1,258,227
Other income	266,125	156,212	263,024	198,063	344,275
Other expenses	567,728	268,261	265,803	407,299	135,962
Income before income taxes and minority interests	377,765	635,425	716,449	717,832	985,366
Income taxes:					
Current(2)	18,040	18,336	55,332	50,400	137,010
Deferred	25,108	120,123	97,494	7,461	77,960
Income before minority interests	334,617	496,965	563,621	659,970	770,396
Minority interests in net income	95,212	83,736	79,102	99,454	81,980
Net income	¥ 239,404	¥ 413,228	¥ 484,519	¥ 560,516	¥ 688,415
Net income per share:					
Basic	¥ 16.29	¥ 20.47	¥ 20.62	¥ 22.96	¥ 28.18
Diluted	15.57	19.27	19.75	22.05	27.12
Cash dividends per share declared during the fiscal year(3):					
Common stock(4)	¥ 10.00	¥ 8.00	¥ 6.00	¥ 6.00	¥ 6.00
	$ 0.11	$ 0.10	$ 0.07	$ 0.06	$ 0.06
Eleventh series class XI preferred stock(4)	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00
	$ 0.21	$ 0.24	$ 0.24	$ 0.21	$ 0.19
Thirteenth series class XIII preferred stock(5)	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00
	$ 0.32	$ 0.36	$ 0.36	$ 0.32	$ 0.29
Balance sheet data:					
Total assets	¥ 156,253,572	¥ 160,812,006	¥ 165,360,501	¥ 177,411,062	¥ 175,822,885
Loans and bills discounted(6)	62,164,579	62,777,757	63,800,509	67,536,882	69,301,405
Securities	43,096,460	44,782,067	51,392,878	53,472,399	43,997,517
Deposits(7)	86,627,588	88,884,158	90,636,656	99,568,737	101,811,282
Net assets	5,837,053	6,623,999	6,869,295	7,736,230	8,304,549
Risk-adjusted capital data (Basel II)(8):					
Tier 1 capital	¥ 5,173,496	¥ 6,170,210	¥ 6,398,953	n.a.	n.a.
Total risk-based capital	7,658,062	7,910,970	7,775,093	n.a.	n.a.
Risk-weighted assets	56,863,252	51,693,835	50,144,934	n.a.	n.a.
Tier 1 capital ratio	9.09%	11.93%	12.76%	n.a.	n.a.
Capital adequacy ratio	13.46	15.30	15.50	n.a.	n.a.

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	As of and for the fiscal years ended March 31,				
	2010	2011	2012	2013	2014
	(in millions of yen, except per share data and percentages)				
Risk-adjusted capital data (Basel III)[(8)]:					
Common Equity Tier 1 capital	n.a.	n.a.	n.a.	¥ 4,803,820	¥ 5,304,408
Tier 1 capital	n.a.	n.a.	n.a.	6,487,449	6,844,734
Total capital	n.a.	n.a.	n.a.	8,344,509	8,655,971
Risk-weighted assets	n.a.	n.a.	n.a.	58,823,585	60,287,460
Common Equity Tier 1 capital ratio	n.a.	n.a.	n.a.	8.16%	8.79%
Tier 1 capital ratio	n.a.	n.a.	n.a.	11.02	11.35
Total capital ratio	n.a.	n.a.	n.a.	14.18	14.35

Notes:

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

(2) Includes refund of income taxes.

(3) Yen amounts are expressed in U.S. dollars at the rate of ¥93.40 = $1.00, ¥82.76 = $1.00, ¥82.41 = $1.00, ¥94.16 = $1.00 and ¥102.98 = $1.00 for the fiscal years ended March 31, 2010, 2011, 2012, 2013 and 2014, respectively. These rates are the noon buying rates on the respective fiscal year-end dates in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

(4) In June 2014, we declared and paid annual dividends of ¥6.5 per share of common stock and ¥20 per share of eleventh series class XI preferred stock for the fiscal year ended March 31, 2014.

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

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

(7) Includes negotiable certificates of deposit.

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

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

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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 Japanese 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)		
2010	¥ 100.71	¥ 86.12	¥ 92.49	¥ 93.40
2011	94.68	78.74	85.00	82.76
2012	85.26	75.72	78.86	82.41
2013	96.16	77.41	83.26	94.16
2014	105.25	92.96	100.46	102.98
2015 (through July 18)	103.94	101.26	101.64	101.37
Calendar year 2014				
January	¥ 104.87	¥ 102.20		
February	102.71	101.11		
March	103.38	101.36		
April	103.94	101.43		
May	102.34	101.26		
June	102.69	101.28		
July (through July 18)	102.19	101.26		

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 18, 2014 was ¥101.37 = $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.

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Risks Relating to Our Business

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

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

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

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

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

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

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

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

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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 decline in deferred tax assets 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 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 decline due to a change in our estimation of future taxable income, a change in tax rate as a result of tax system revision and other factors.

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

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

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

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

In addition, if the framework set by the Basel Committee on Banking Supervision, upon which the Financial Services Agency s rules concerning banks capital adequacy ratios are based, is changed or if the Financial Services Agency otherwise changes its banking regulations, we might not be able to meet the minimum

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regulatory requirements for capital adequacy ratios. For example, in December 2010, the Basel Committee on Banking Supervision issued its Basel III rules text, which presents the details of global regulatory standards on bank capital adequacy and liquidity. In March 2012, the Financial Services Agency published revisions to its capital adequacy guidelines which generally reflect rules in the Basel III text and became effective as of March 31, 2013. Furthermore, the Financial Stability Board named us as one of 29 global systemically important banks (G-SIBs) in November 2013. The group of G-SIBs will be updated annually and published by the Financial Stability Board each November. If we are deemed a G-SIB in or after November 2014, we may be subject to additional capital requirements. See Item 5. Operating and Financial Review and Prospects Capital Adequacy.

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

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

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

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

For example, the additional collateral requirement in connection with our derivative contracts, absent other changes, assuming a downgrade occurred on March 31, 2014, would have been approximately $23 million for a one-notch downgrade and approximately $154 million for a two-notch downgrade. The foregoing figures do not take into account the minority of derivative contracts for which additional collateral requirements are not specifically prescribed and are thus subject to individual negotiations.

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

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 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.

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

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

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

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

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

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

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

Our compliance and legal risk management structures are designed to prevent violations of such laws and regulations, but they may not be effective in preventing all future violations. On September 27, 2013, Mizuho Bank received a business improvement order from the Financial Service Agency identifying serious problems in our posture toward administrative control, internal control and legal/regulatory compliance relating to transactions with anti-social elements with respect to certain domestic captive loan transactions with a consumer credit company. Furthermore, on December 26, 2013, based on the results of reports by Mizuho Financial Group and Mizuho Bank in the course of related inspections by the Financial Service Agency, both Mizuho Financial Group and Mizuho Bank received business improvement orders from the Financial Service Agency, including an order for Mizuho Bank to suspend new credit-offering transactions of the captive loan operations in question. We have taken this incident very seriously, and both Mizuho Financial Group and Mizuho Bank have been implementing measures to strengthen efforts to eliminate any connections with anti-social elements and further enhance our group governance in accordance with the business improvement plans submitted by Mizuho Financial Group and Mizuho Bank to the Financial Service Agency on January 17, 2014. Future violations of laws and regulations could result in regulatory action and harm our reputation, and our business, financial condition and results of operations could be materially and adversely affected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U.S. law generally prohibits U.S. persons from doing business with countries designated by the U.S. Department of State as state sponsors of terrorism (the Designated Countries), which includes Iran, Cuba, 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.

We are aware of government initiatives to strengthen laws and regulations, such as the U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 and the National Defense Authorization Act for Fiscal Year 2012 and Fiscal Year 2013, applicable to entities with dealings in the Designated Countries. While we maintain policies and procedures to ensure compliance with such initiatives, including Japanese laws and regulations, should the U.S. government regard our measures as inadequate, we may be subject to regulatory action which could materially and adversely affect our business. In addition, we may become unable to retain or acquire customers or investors in our securities, or our reputation may suffer, potentially having adverse effects on our business or the price of our securities.

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

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

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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 payments on the preferred securities issued by our overseas special purpose companies due to the deterioration of our results of operations and financial condition and/or the restrictions under the Companies Act or due to the strengthening of bank capital regulations. For more information on restrictions to dividend payments under the Companies Act, see Item 10.B. Additional Information Memorandum and Articles of Association.

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

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

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

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

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

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

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

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

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

Our business depends on maintaining the trust of depositors and other customers and market participants. Negative rumors about us, spread through media coverage, communications between market participants, Internet postings or otherwise, could lead to our customers and market participants believing factually incorrect information about us and harm our reputation. In the event we are unable to dispel such rumors or otherwise restore our reputation, our business, financial condition, results of operations and the price of our securities could be materially and adversely affected.

Risks Related to Owning Our Shares

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

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

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

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

Risks Related to Owning Our ADSs

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

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

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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.

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ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

The Mizuho Group

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

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

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

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

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

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

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

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

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

Other Information

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

4.B. Business Overview

General

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

We were established under a financial holding company structure in September 2000 ahead of other major Japanese financial groups. Since an internal reorganization in April 2002, we have strived to enhance our profitability by providing customers with quality financial services through mutual cooperation among our legally separate group companies based on customer segments and functions centered on the holding company.

During the fiscal year 2013, the initial fiscal year of the medium-term business plan for three fiscal years, One MIZUHO New Frontier Plan Stepping up to the Next Challenge , we pursued unified strategies across the group-wide banking, trust banking and securities business areas and steadily promoted the establishment of an advanced group management structure. Specifically, by taking advantage of the strengths and competitiveness of being a comprehensive financial group that holds its own bank, trust bank and securities company, we established a structure for each segment, redefined it in a more detailed manner based on customer needs and ensured the provision of appropriate business solutions corresponding to the needs of each customer. In addition, we have strengthened business promotion activities and have developed various financial services in a swift manner through group-wide collaboration in response to various customer needs through cross-organizational development of financial know-how and industry knowledge of the group companies. Moreover, in order to provide further enhanced, comprehensive financial services, we have promoted the establishment of joint branches that leverage banking, trust and securities functions.

On July 1, 2013, a merger between the former Mizuho Bank and the former Mizuho Corporate Bank came into effect with the former Mizuho Corporate Bank as the surviving entity, which was renamed Mizuho Bank upon the merger. The two former banks had worked tirelessly since their inception in April 2002 to provide services that comprehensively met the characteristics and needs of each of our customers, and Mizuho Bank prepared a structure to respond to our customers varying needs accurately and expeditiously by making optimal use of the strengths and advantages that the two banks had cultivated.

We will continue the steady implementation of the medium-term business plan for the fiscal year ending March 31, 2015, the second fiscal year of the medium-term business plan. In addition, we will further accelerate the unified strategies across the group-wide banking, trust banking and securities business areas in order to further advance One MIZUHO and will strengthen our group governance and continuously promote actions for the establishment of a strong corporate culture in order to promote the development of the foundations that support One MIZUHO.

Banking Business: Mizuho Bank

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

Banking Business

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

- *Deposits*, including ordinary deposits, time deposits and foreign currency deposits;
- *Lending*, including loans for working capital or capital expenditure of corporate customers, initiatives for strategic financial raising such as syndicated loans, housing loans and card loans for individual customers;
- *Domestic exchange settlement*, including exchange for remittance, credit to current accounts and money collection services;
- *Foreign exchange transaction services*, including various foreign exchange services relating to international transactions such as imports, exports and foreign remittance; and
- *Other financial products and services*

Trust Banking Business: Mizuho Trust & Banking

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

Trust Banking Business

Business for Corporate Customers

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

- real estate business, including real estate sales agent services and real estate securitizations;
- structured product business, including securitization transactions that utilize trusts;

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

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

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

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

Business for Individual Customers

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

- consulting services regarding investment and management of customer assets;

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

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

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

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

Others

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

Securities Business: Mizuho Securities

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

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

Investment Banking Business

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

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

Market and Product Business

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

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

Other Businesses Related to Financial Services

We provide various other financial services through major group companies.

Trust & Custody Services Bank

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

Mizuho Asset Management & DIAM

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

Mizuho Research Institute

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

Mizuho Information & Research Institute

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

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

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

Mizuho Financial Strategy

Mizuho Financial Strategy engages in advisory services for financial institutions regarding their management and revitalization of their borrowers.

Mizuho Private Wealth Management

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

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One MIZUHO New Frontier Plan: Stepping up to the Next Challenge

We commenced our new medium-term business plan for the three years from the fiscal year ended March 31, 2014. We named this proactive business plan the One MIZUHO New Frontier Plan Stepping up to the Next Challenge , and it aims to launch the new Mizuho toward the new frontier of the next generation of finance, in response to structural and regulatory changes in the economy and society both in Japan and overseas. As part of this plan, we developed five basic policies reflecting Mizuho s vision for our future, the necessary elements for the new frontier of finance, and our future direction based on an analysis of our current situation, and also, adding more detail to these five basic policies, we developed ten basic strategies in terms of business strategy and management foundations as follows:

Mizuho s Vision

As well as establishing a new, common corporate identity (further details below) for the group as part of our actions toward forming a new, common corporate culture as we push forward toward the new Mizuho as a unified group, we developed the following vision for our future as part of our new corporate identity, and we set the same vision for our medium-term business plan:

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

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

Five Basic Policies

Based on Mizuho s vision, the necessary elements for the new frontier of finance, and our future direction based on an analysis of Mizuho s current situation, we developed the following five basic policies as part of the medium-term business plan:

- Further develop integrated strategies across the group for each customer segment to respond to the diverse needs of our customers.
- Contribute to sustainable development of the world and Japan by proactively responding to change.
- Mizuho Means Asia: accelerate globalizations.
- Build strong financial and management foundations to support the essence of Mizuho.
- Form strong corporate governance and culture in the spirit of One MIZUHO.

Ten Basic Strategies

Adding more detail to the five basic policies under the medium-term business plan, we also developed ten basic strategies in terms of business strategy and management foundations as follows:

Business Strategy

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

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

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

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

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

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

Business Management, Management Foundations, etc.

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

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

Further strengthen proactive governance and risk management.

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

Advanced Group Management Structure

With an aim to establish our advanced group management structure, we turned Mizuho Securities, a consolidated subsidiary of Mizuho Financial Group, into a directly-held subsidiary of Mizuho Financial Group in April 2013 and moved to a new group capital structure that places banking, trust banking, securities and other major group companies under the direct control of Mizuho Financial Group. In July 2013, we consummated the merger of the former Mizuho Bank and the former Mizuho Corporate Bank.

In addition, from April 2013, we have been promoting business strategies across the group-wide banking, trust banking, securities and other business areas and moved to a new group operational structure that enables us to determine strategies and initiatives and formulate business plans. Specifically, the President and Chief Executive Officer of Mizuho Bank, the President of Mizuho Trust & Banking and Mizuho Securities became standing members of the Executive Management Committee of Mizuho Financial Group. In addition, we established ten business units and head-office coordination divisions to determine strategies and initiatives across the group-wide banking, trust banking and securities business areas.

Furthermore, we established five group strategy conferences concerning the strategies for retail (personal), wholesale (corporate), international (overseas), asset management and markets, as forums to comprehensively deliberate on important matters in terms of group business strategy among units.

For further information of the ten business units, see Group Operations below.

Enhancing Our Group Governance

In order to fulfill our social responsibilities as a member of the global financial community, we will make efforts to further enhance our group governance and strengthen our crisis management capabilities, in addition to our efforts to further facilitate the progress of our business model. In light of the further strengthening of the business strategy planning and promotion function and of the group governance of the group, it was decided that certain measures, including appointment of officers who are responsible for multiple units and review of the structure whereby concurrent positions are held by certain people among the group s corporate planning and management personnel, were implemented from April 2014.

We transformed ourselves into a Company with Committees upon the approval at the general meeting of the shareholders in June 2014. The basic policy regarding the enhancement of corporate governance, through measures such as the transformation into a Company with Committees, is as follows: to secure the effectiveness of corporate governance by ensuring the separation of supervision and management and making supervision of management such as the execution of duties by executive officers the primary focus of the Board of Directors and to make it possible for management to make swift and flexible decisions and realize expeditious

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corporate management by the Board of Directors delegating decisions on business execution to executive officers. In addition, the utilization of committees, etc., consisting mainly of outside directors, helps secure transparency and fairness in decision-making processes and the effective supervision of management. We also actively adopt operations and practices that are recommended at a global level regarding corporate governance through such measures as the appointment of the Chairman of the Board of Directors, in principal, from among our outside directors. As for the strengthening of our crisis management capabilities, through newly-established designated organizations, we will continue to establish systems that will respond appropriately to crises by accurately detecting signs and indicators of crises in advance, in addition to our effort to strengthen the ability to respond to emergency situations or events of emergency. At the same time, we will continue to take measures to enhance risk governance by taking into consideration global trends relating to regulations.

Furthermore, we will continuously make efforts to establish a strong corporate culture that supports strong group governance.

Mizuho Corporate Identity

Mizuho s Corporate Identity, which consists of Corporate Philosophy, Vision and The Mizuho Values, serves as the concept that forms the basis of all activities that we conduct.

Mizuho s Corporate Identity:

1. Corporate Philosophy: Mizuho s fundamental approach to business activities, based on the *raison d etre* of Mizuho

2. Vision: Mizuho s vision for the future, realized through the practice of Corporate Philosophy

3. The Mizuho Values: The shared values and principles of Mizuho s personnel, uniting all executives and employees together to pursue Vision

Brand Strategy

Mizuho adopts a brand slogan, One Mizuho: Building the future with you, to indicate our commitment to become The most trusted financial services group with a global presence and a broad customer base, contributing to the prosperity of the world, Asia and Japan.

All Mizuho employees are committed to realizing the ideas embodied in our brand slogan, and together we aim to help Mizuho achieve its vision for the future.

Group Operations

Group Operational Structure

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

Personal Banking Unit

The Personal Banking Unit provides products and services to individuals, and it strives for us to become a financial group that continues to be chosen by customers by improving its ability to provide services.

In the asset management business area, actions in response to the launch of NISA (Japanese Individual Savings Account that provides individual customers with tax exemption for income related to certain investments up to a maximum amount) in January 2014 are being undertaken mainly by Mizuho Bank and Mizuho Securities. Mizuho Bank and Mizuho Securities have been expanding their product lineup such as the i-mizuho Index Series, a group of 22 no-load funds that are offered through the internet and managed by BlackRock, Inc., one of the largest asset management companies in the world.

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We have 165 of Mizuho Securities Planet Booths, which are located in the branches and offices of Mizuho Bank as of March 31, 2014, and we make proposals that respond to our customers needs relating to asset management.

We also handle trust products at Mizuho Bank and Mizuho Securities branches as sales agents for Mizuho Trust & Banking and provide trust-oriented services such as testimonial trust and real estate related services by setting up Trust Lounges in Mizuho Bank branches.

With respect to the loan business, we have expanded our lineup of housing loan and card loan products and offer various products and services. Specifically, we launched in July 2013 the Mizuho Prime Age, a reverse mortgage loan where customers may obtain loans based on the asset value of their homes and in February 2014 a pre-packaged money and loan support product, Mizuho My Wing, that offers a loan function in combination with software applications to manage household budgets.

In addition to expanding our staffed branches throughout Japan (Mizuho Bank: 461, Mizuho Trust & Banking: 53, Mizuho Securities: 273 as of March 31, 2014) and our ATM network (approximately 6,000 locations as of February 28, 2014, including ATMs shared with AEON Bank), we are enhancing our Internet banking services and strengthening marketing through the use of call centers.

Retail Banking Unit

The Retail Banking Unit provides products and services mainly to business owners, land owners, lease holders, and SMEs.

We aim to be a Long-term Business Partner of our customers in relation to both corporate and individual matters by providing comprehensive consulting services of business and assets inheritance and asset management for business owners, landowners and lease holders, and by providing overall banking services for SMEs.

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

Corporate Banking Unit (Large Corporations)

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

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

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

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

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

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Corporate Banking Unit

The Corporate Banking Unit provides products and services mainly to relatively larger SMEs (quasi listed companies).

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

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

We actively respond to the funding needs of our customers by establishing a fund that facilitates loans for strengthening foundations for growth that manages a total of approximately ¥1 trillion in order to support the business growth of customers.

Financial Institutions & Public Sector Business Unit

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

For financial institution customers in Japan, we offer advisory services and solutions, such as advice on financial strategy and risk management, support for overseas business, support for revitalization of regional economies and proposals on various investment products, by concentrating our various financial expertise from each group company to meet the increasingly sophisticated and varied needs of customers.

As part of our approach to revitalize the community, we established the Sixth Industry Fund for the Agriculture, Forestry and Fishing Sector to promote stable growth and development of the primary industry of agriculture, forestry and fishery by adding value through the integration of its production, processing and logistical operations and transform such industry into the so-called sixth industry, and we invest in entities that engage in the transformation thereof.

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

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

International Banking Unit

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

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

Further, we actively implement initiatives to meet the diverse needs of our overseas customers in product areas such as project finance and trade finance.

We are expanding our overseas office network to strengthen our overseas support framework for our customers.

Mizuho Bank opened its Phnom Penh Representative Office in Cambodia in June 2013. Mizuho Bank opened its Bangalore-Devanahalli Branch and Chennai Branch in India in April 2013 and November 2013, respectively. There are four Mizuho Bank branches in India, in addition to branches in Mumbai and New Delhi. We aim to strengthen our structure to provide a range of banking services near our customers operating in such regions.

Mizuho Bank (China), Ltd., a wholly-owned subsidiary of Mizuho Bank, opened its Hefei Branch, Shanghai Pilot Free Trade Zone Sub-Branch and Changshu Sub branch in China in August 2013, March 2014 and May 2014, respectively.

Mizuho Bank expanded its base in growing regions in the world in addition to Asia and established Banco Mizuho do Brasil S.A., its subsidiary, in July 2013. In addition, Mizuho Bank opened the Calgary Office in Canada in October 2013 and the Johannesburg Representative Office, its first African base, in South Africa in December 2013, and received approval from the local authorities to open a representative office in Santiago, Chile in June 2014.

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

Investment Banking Unit

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

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

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

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

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

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

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

Transaction Banking Unit

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

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

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

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

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

Asset Management Unit

The Asset Management Unit provides products and services that correspond to the needs of a broad customer base ranging from individuals to institutional investors by unification of banking, trust banking and securities functions as well as the businesses of our asset management group companies through the synergy effects arising from the integrated operation of the planning, development and sales of businesses relating to asset management.

In the pension-related business, we provide comprehensive pension proposals that include services and products related to defined contribution as well as defined benefit pension plans to meet the needs of customers by collaborating with asset management group companies such as Mizuho Asset Management, DIAM and Shinko Asset Management Co., Ltd. in promoting the business.

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.

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Market Unit

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

We offer products and services to meet the diverse needs of our customers and support their global business by integrating our banking, trust and securities functions and seamlessly promoting our market business.

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

We continue to enhance our portfolio management and diversify our principal investments to make our portfolio more sound and profitable.

Competition

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

Our major competitors in Japan include:

- Japan s other major banking groups: Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group.

- Other banking institutions: These include city banks, trust banks, regional banks, *shinkin* banks (or credit associations), credit cooperatives, agricultural cooperatives, foreign banks and retail-oriented online banks.

- Securities companies and investment banks: These include both domestic securities companies and the Japanese affiliates of global investment banks.

- Government financial institutions: These include Japan Finance Corporation, Japan Post Bank, Development Bank of Japan and Japan Bank for International Cooperation.

- Non-bank finance companies: These include credit card issuers, installment shopping credit companies and other non-bank finance companies.

- Other financial services providers: We also compete with private equity funds and other types of investors.

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

Japanese Banking and Securities Industry

Private banking institutions in Japan are normally classified into two categories (the following numbers are based on information published by the Financial Services Agency, available as of April 1, 2014): (i) ordinary

banks, of which there were 125, not including foreign commercial banks with banking operations in Japan; and (ii) trust banks, of which there were 16, including Japanese subsidiaries of foreign financial institutions and subsidiaries of Japanese financial institutions.

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

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

As of March 31, 2014, there were 55 foreign banks operating banking businesses in Japan. These banks are subject to a statutory framework similar to the regulations applicable to Japanese domestic banks. Their principal sources of funds come from their overseas head offices or other branches.

A number of government financial institutions, organized in order to supplement the activities of the private banking institutions, have been in the process of business and organizational restructuring in recent years. In October 2008, some of the government financial institutions were consolidated to form Japan Finance Corporation, which mainly provides financing for small and medium-sized enterprises and those engaged in agriculture, forestry and fishery, and also provides export financing for Japanese corporations. In October 2008, Development Bank of Japan, which mainly engages in corporate financing, and Shoko Chukin Bank, which mainly engages in financing for small and medium-sized enterprises, were transformed into joint stock corporations. Japan Housing Finance Agency supports housing loans of private institutions through the securitization of such loans.

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

Another distinctive element of the Japanese banking system is the role of the postal savings system. Postal savings deposits are gathered through the network of governmental post offices scattered throughout Japan, and their balance of deposits totaled over 200 trillion yen in the past. In recent years, the governmental postal business has been in the process of organizational restructuring. In 2003, the governmental postal business was transferred to Japan Post, a government-owned entity established in the same year, and in 2007, Japan Post was transformed into a government-owned joint stock corporation holding four operating companies including Japan Post Bank, which currently operates as an ordinary bank. Privatization of the banking and insurance subsidiaries, which was originally planned to be completed by 2017, was suspended in December 2009. In April 2012, a law was enacted under which Japan Post was retransformed into a joint stock corporation holding three operating companies in October 2012, and the deadline of the privatization of banking and insurance subsidiaries was abolished and replaced with a statement that the privatization is to be conducted in the near future.

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

Supervision and Regulation

Japan

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

Financial Services Agency

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

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

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

The Bank of Japan

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

Examination of Banks

The Banking Act authorizes the Prime Minister to inspect banks and bank holding companies in Japan at any time. By evaluating banks systems of self-assessment, auditing their accounts and reviewing their

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

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

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

Examination and Reporting Applicable to Shareholders

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

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

Deposit Insurance System

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

The Deposit Insurance Corporation receives annual insurance premiums from insured banks. The effective premium rate from April 2010, which is the weighted average of the rates for deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment and settlement purposes, and for other deposits, is 0.084%. However, for the fiscal years ended March 31, 2013 and March 31, 2014, 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. In addition, for the fiscal year ending March 31, 2015, while the effective

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premium rate is 0.084%, if there are no insured bank failures, the effective premium rate of 0.07% will be applied retroactively from the beginning of such fiscal year, and the amount paid in excess of such rate will be reimbursed to insured banks without interest.

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

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

Governmental Measures to Treat Troubled Institutions

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

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

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

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

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

Recovery and Resolution Plan

In November 2013, the Financial Stability Board published the latest list of global systemically important financial institutions (G-SIFIs). The list is annually updated by the Financial Stability Board each November, and the list as of November 2013 includes us. A recovery and resolution plan must be put in place for each G-SIFI, and be regularly reviewed and updated. In Japan, under the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc., as part of crisis management, financial institutions identified as G-SIFIs must prepare and submit a recovery plan, which includes the triggers to implement the recovery plan and an analysis of recovery options, to the Financial Services Agency, and the Financial Services Agency must prepare a resolution plan for each G-SIFI.

Capital Injection by the Government

The Strengthening Financial Functions Act (*Kinyu Kinou no Kyouka no tame no Tokubetsu Sochi ni kansuru Houritsu*) (Act No. 128 of 2004) was enacted on June 18, 2004 in order to establish a scheme of public money injection into financial institutions and thereby enhance the soundness of such financial institutions on or prior to March 31, 2008 and revitalize economic activities in the regions where they do business. On December 17, 2008, certain amendments to the Strengthening Financial Functions Act took effect. These amendments relaxed certain requirements for public money injection into Japanese banks and bank holding companies and other financial institutions under the prior scheme and extended the period of application therefor, which had expired on March 31, 2008, to March 31, 2012. These amendments aim to promote not only the soundness of such financial institutions but also the extension of loans or other forms of credit to small and medium-sized enterprises in order

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to revitalize local economies. In response to the Great East Japan Earthquake, the law was amended in June 2011 to extend the period for application to March 31, 2017 and to include special exceptions for disaster-affected financial institutions. None of the financial institutions within the Mizuho group are subject to such special exceptions.

Bank Holding Companies

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

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

Financial Instruments and Exchange Act

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

Under the Financial Instruments and Exchange Act, registered Financial Instruments Business Operators (*kinyu-shouhin torihiki gyousha*), such as Mizuho Securities, as well as Registered Financial Institutions (*touroku kinyu kikan*), such as Mizuho Bank and Mizuho Trust & Banking, are required to provide customers with detailed disclosure regarding the financial products they offer and take other measures to protect investors, including a delivery of explanatory documents to such customers prior to and upon the conclusion of transactional agreements.

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

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

Sales of Financial Products

As a result of financial deregulation, more financial products, including highly structured and complicated products, can now be more freely marketed to customers. In response to this, the Act of Sales of Financial Products (*Kinyu Shouhin no Hanbai tou ni kansuru Houritsu*) (Act No. 101 of 2000, as amended), effective from

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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 loans 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 lending to any single customer or customer group are established by a cabinet order and by the Banking Act. The current limits are, in case of a single customer, 25%, and in case of a customer group, 40% of the total qualifying capital with certain adjustments of the bank holding company or bank and its subsidiaries and affiliates. In April 2013, the Financial Services Agency announced that the current credit limit restrictions will be tightened in line with the international standards, by, among other things, reducing the credit limit applicable to a customer group from 40% to 25% of the total qualifying capital with certain adjustments of the bank holding company or bank and its subsidiaries and affiliates. The amended credit limit restrictions are expected to be implemented by December 2014.

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.

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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 Act 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 ¥984.2 billion of shares during the period from March 12, 2009 through June 30, 2014. The Bank s Shareholdings Purchase Corporation will dispose of the purchased shares by March 31, 2027 by taking into consideration the effects on the stock market.

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

Capital Adequacy

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

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

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

Under the revised guidelines, the minimum capital adequacy ratio is 8% on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Bank, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group. Within the minimum capital adequacy ratio, the Common Equity Tier 1 capital requirement is 4.0%, which will be raised in phases to 4.5% when fully effective in March 2015, and the Tier 1 capital requirement is 5.5%, which will be raised in phases to 6% when fully effective in March 2015.

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

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

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

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

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

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. Implementation of the leverage ratio requirements has begun with bank-level reporting to national supervisors of the leverage ratio and its components, and will proceed with public disclosure will be required starting 1, January 2015. Any final adjustments to the definition and calibration of the leverage ratio will be made by 2017, with a view to migrate to a Pillar 1 (minimum capital requirements) treatment on 1, January 2018 based on appropriate review and calibration.

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. In accordance with the revised LCR standard, the stock of unencumbered HQLA is to comprise 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 will be subject to certain haircuts based on types of securities and credit ratings. The revised LCR standard is subject to phase-in arrangements pursuant to which the LCR is to be introduced on January 1, 2015 with a minimum requirement of 60%, rising in equal annual steps of 10 percentage points to reach 100% on January 1, 2019. The Basel Committee on Banking Supervision issued final requirements for LCR-related disclosures on January 12, 2014. The LCR disclosure standard requires banks to disclose their LCR in common templates from the date of publication of their first set of financial statements relating to balance sheet data dated on or after January 1, 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. A minimum standard for NSFR, including any revision, will be introduced by January 2018. The Basel Committee on Banking Supervision will put in place rigorous reporting processes to monitor the ratios during the observation period that began in 2011. The Basel Committee on Banking Supervision issued a consultative document of the proposed revisions to NSFR with respect to (i) reduction of cliff effects within the measurement of funding stability, (ii) improvement of its alignment with LCR, and (iii) alternation of its calibration to focus greater attention on short-term, potentially volatile funding sources, on January 12, 2014.

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.

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 act also requires financial institutions, among other matters, to compensate depositors for any amount illegally withdrawn using forged bankcards, unless the financial institution can verify that it acted in good faith without negligence and that there was gross negligence on the part of the relevant account holder.

United States

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

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

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

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

As a financial holding company, we are also subject to additional regulatory requirements. For example, we and each of our U.S. insured depository institution subsidiaries with operations in the United States must be well capitalized, meaning a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10%. 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 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.

The deposits of Mizuho Bank (USA) are insured by the Federal Deposit Insurance Corporation (FDIC), and it is a state-chartered bank that is a member of the Federal Reserve System. 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.

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

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

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

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

Under the so-called Volcker Rule provisions of the Dodd-Frank Act, insured depository institutions; insured depository institution holding companies; non-U.S. banks with branches in the United States, such as Mizuho Bank; and affiliates and subsidiaries of such entities (collectively, banking entities) will be prohibited from engaging in proprietary trading or from investing in or sponsoring private equity or hedge funds, subject to

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certain limited exceptions. Final regulations under the Volcker Rule were issued on December 10, 2013 and banking entities are expected to bring their activities and investments into compliance by July 21, 2015, absent an extension by the Federal Reserve Board.

The Dodd-Frank Act also provides an extensive framework for the regulation of over-the-counter (OTC) derivatives, including mandatory clearing and transaction reporting of certain OTC derivatives. In addition, entities that are swap dealers, security-based swap dealers, major swap participants, or major security-based swap participants are required to register with the SEC or the U.S. Commodity Futures Trading Commission (the CFTC), or both, and comply with capital, margin, business conduct, recordkeeping, and other requirements applicable to such entities. Although the CFTC has released final rules relating to various requirements of the Dodd Frank Act, many of the provisions are subject to further final rulemaking, and thus the Dodd-Frank Act s ultimate impact remains unclear. New regulations could, among other things, restrict our ability to engage in derivatives transactions and increase the costs of using these instruments.

Under the so-called swap push-out provisions of the Dodd-Frank Act, the derivatives activities of U.S. banks and U.S. branch offices of foreign banks will be restricted. On June 5, 2013, the Federal Reserve Board approved an interim final rule clarifying the treatment of uninsured U.S. branches and agencies of foreign banks under this push-out provision. The interim final rule clarified that uninsured U.S. branches and agencies of foreign banks will be treated as insured depository institutions with respect to this push-out provision, including eligibility for a transition period of up to 24 months to comply and for certain statutory exceptions. The interim final rule is effective as of June 5, 2013.

Mizuho Capital Markets Corporation and Mizuho Securities USA are registered with the CFTC as swap dealers as a result of their swap activities with US persons. As a result, Mizuho Capital Markets Corporation and Mizuho Securities USA are subject to certain increased entity-level and transaction-level regulation by the CFTC, including with respect to registration requirements, additional recordkeeping and reporting obligations, risk management, clearing, trade execution, position limits, monitoring, capital and margin thresholds and internal and external business conduct standards, and will become subject to additional regulations under the Dodd-Frank Act as such regulations go into effect or following adoption of additional applicable regulations by the CFTC and/or the SEC.

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 (including when operated as the former Mizuho Corporate Bank prior to its merger with the former 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 has dedicated substantial resources 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 (including when operated as the former Mizuho Corporate 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.

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Legacy Guarantees and Loan Obligations

During the period covered by this disclosure, Mizuho Bank was party to two legacy counter guarantees that were opened in connection with activities of its customers for the benefit of Iranian banks. When such guarantees were entered into, the banks in question had not been designated under U.S. Executive Orders (E.O.) 13224 or 13382, although they were subsequently so designated. Mizuho Bank maintained these guarantees post-designation only after confirming that such transactions did not involve prohibited or sanctionable activity under U.S. or other economic sanctions and after obtaining licenses issued by Japan s Ministry of Finance where necessary. As contractual obligations, these guarantees cannot be exited by Mizuho Bank unilaterally until there is full performance under the contract that is supported by the counter guarantees. In the fiscal year ended March 31, 2014, Mizuho Bank received fees of approximately ¥0.6 million attributable to these guarantees and net profits of less than that amount. Mizuho Bank continues to seek to terminate these counter guarantees. Mizuho Bank has no intention to enter into any further similar guarantees.

In addition, Mizuho Bank acted as an administrative agent under a syndicated loan extended to an Iranian bank that was later designated under E.O. 13382. During the period covered by this disclosure, Mizuho Bank did not act as the lender and also received no fees for acting as administrative agent. The loan expired in April 2013 upon repayment of the debt and its transfer to the lender in accordance with applicable laws and regulations. Mizuho Bank does not intend to enter into any further similar loans.

Activities through Correspondent Banking Accounts

In the fiscal year ended March 31, 2014, Mizuho Bank conducted a limited number of fund transfers through accounts it maintains for or at a limited number of Iranian banks designated under E.O. 13224 or 13382 and a limited number of other banks related to the Government of Iran. Mizuho Bank processed these transfers only after confirming that such transactions did not involve prohibited or sanctionable activity under U.S. or other economic sanctions and obtaining licenses issued by Japan s Ministry of Finance where necessary. Estimated gross revenue to Mizuho Bank in the fiscal year ended March 31, 2014 attributable to this activity, excluding the humanitarian transactions described below, was approximately ¥0.1 million, with a net profit of less than that amount. Mizuho Bank will continue processing transfers through these accounts only under the limited circumstances where the transfer would conform to Mizuho Bank s compliance policies and procedures, applicable international sanctions laws, and after obtaining a license issued by Japan s Ministry of Finance where necessary.

Humanitarian Transactions through Correspondent Banking Accounts

In addition, in accordance with the Joint Plan of Action (JPOA) agreed between EU3+3 (France, Germany, the United Kingdom, China, Russia and the United States) and Iran in November 2013, Mizuho Bank has been providing settlement services in connection with humanitarian trade to assist in meeting Iran s domestic needs, namely food, agricultural commodities, medicines and medical devices, since March 2014. The overall framework for these settlement services is based on an agreement between the U.S. and Japanese authorities, and the relevant U.S. regulator authorizes that the settlement services are in compliance with applicable U.S. laws and regulations. The purchasers of the humanitarian goods were entities in or affiliated with Iran, including the Iranian government. The sellers of the humanitarian goods were entities permitted by U.S. and Japanese regulators. These transactions did not involve U.S. dollars nor clearing services of U.S. banks for the settlement of payments. These transactions were conducted through the use of special purpose yen accounts maintained with Mizuho Bank outside of the United States by Iranian financial institutions that are controlled by the Iranian government. Furthermore, in connection with these transactions, the Iranian financial institutions have increased the amount of their non-U.S. dollar deposits at Mizuho Bank used for settlement purposes. Estimated gross revenue to Mizuho Bank in the fiscal year ended March 31, 2014 attributable to this activity was approximately ¥2 million, with a net profit of less than that amount.

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Mizuho Bank intends to continue to provide these remittance and other settlement services in connection with the exports of humanitarian goods to Iran to the extent that U.S. and Japanese regulators continue to make such requests.

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, 2014:

Notes:

(1) On July 1, 2013, a merger between the former Mizuho Bank and the former Mizuho Corporate Bank came into effect with the former Mizuho Corporate Bank as the surviving entity, which was renamed Mizuho Bank upon the merger.
(2) DIAM, in which we have a 50.0% equity interest, is an equity-method affiliate of ours.

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The following table sets forth information with respect to our principal consolidated subsidiaries as of March 31, 2014

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

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4.D. Property, Plant and Equipment

The following table shows the breakdown of our premises and equipment at cost as of March 31, 2013 and 2014:

	At March 31, 2013	At March 31, 2014
	(in millions of yen)	
Land	¥ 268,948	¥ 410,739
Buildings	743,473	800,680
Equipment and furniture	418,647	435,655
Leasehold improvements	90,306	92,052
Construction in progress	23,875	35,789
Software	657,702	725,287
Total	2,202,951	2,500,202
Less: Accumulated depreciation and amortization	1,110,962	1,143,608
Premises and equipment net	¥ 1,091,989	¥ 1,356,594

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

The total area of land related to our material office and other properties at March 31, 2014 was approximately 847,000 square meters for owned land and approximately 20,000 square meters for leased land.

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

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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Overview

The Mizuho Group

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

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

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

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

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

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

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

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

Principal Sources of Income and Expenses

Net Interest Income

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

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

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

Provision (Credit) for Loan Losses

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

Noninterest Income

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

Fees and commissions include the following:

- fees and commissions from securities-related business, including brokerage fees and commissions related to securities underwriting, fees and commissions related to investment trusts and individual annuities and other securities-related activities;
- fees and commissions from deposits, debentures and lending business, which consist mostly of fees and commissions related to our loan businesses, including fees related to the arrangement of syndicated loans and other financing transactions such as arrangement fees related to management buy-out transactions and fees related to deposits such as account transfer charges;
- fees and commissions from remittance business, including service charges for domestic and international funds transfers and collections;

- trust fees, including trust fees earned primarily through fiduciary asset management and administration services for corporate pension plans and investment funds; and

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

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

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Trading account gains (losses)   net include gains and losses from transactions undertaken for trading purposes, including both market making for customers and proprietary trading, or transactions through which we seek to capture gains arising from short-term changes in market value. Trading account gains (losses)   net also include gains and losses related to changes in the fair value of derivatives and other financial instruments not eligible for hedge accounting under U.S. GAAP that are utilized to offset mainly interest rate risk related to our various assets and liabilities, as well as gains and losses related to changes in the fair value of foreign currency-denominated available-for-sale securities that are elected for fair value treatment under ASC 825. For further information on the fair value option, see note 28 to our consolidated financial statements included elsewhere in this annual report.

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

Noninterest Expenses

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

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

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

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

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

Operating Environment

We operate principally in Japan, and our performance has generally tracked the macro economy of Japan. The recovery of the global economy remained weak during the fiscal year ended March 31, 2012 due to destabilization of the international financial and capital markets caused by the fiscal problems in Europe, but there were visible signs of recovery as concerns over the Euro region   s debt problems eased to some degree in the fiscal year ended March 31, 2013.

In the fiscal year ended March 31, 2014, the gradual recovery in the global economy continued, although weakness in the recovery is seen in some regions, and is expected to continue particularly in the major industrialized countries. In the United States, signs of recovery in the economy have been seen in the form of improved production and employment as a whole as well as steady consumption. It is expected that the gradual recovery in the economy will continue, with a reduction in the downward pressure on the fiscal front, while the possible effects of the scaling back of monetary easing policy requires continued monitoring. In Europe, the economy is on a recovery trend with a continuing steady recovery in the United Kingdom and improved business conditions in the Euro area. Although it is expected that the economies of the region, led by exports and production, will continue to follow a track to recovery, the effect of the unstable situation in Ukraine as well as the effects of debt problems and high unemployment rates require continued monitoring. In Asia, the economy is strong as a whole due to favorable results in exports with the continuing recovery in the major industrialized

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countries. In China, although the economy continues to expand in a stable manner, the growth rate has declined compared to recent historic levels, and a possible further slowdown may occur as the growth rate of investments in manufacturing and real estate declined due mainly to adjustment pressures on capital assets, including those as a result of excess capacity. With respect to other emerging countries, there are concerns that the momentum for economic growth will be lost for the time being due to a tendency toward tight monetary policies against the backdrop of concerns over currency depreciation and inflation in some regions, including outside Asia. In Japan, the economy has been recovering gradually due to improved export profitability resulting from the weaker Japanese yen and the positive effects of the expansionary fiscal and monetary policies adopted by the Japanese government. Although some negative impact from the April 2014 consumption tax increase was observed, the Japanese economy is expected to pick up along with the gradual recovery of the global economy.

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

Japan s real gross domestic product on a year-on-year basis increased by 0.3%, 0.7% and 2.3% in the fiscal years ended March 31, 2012, 2013 and 2014, respectively. Japan s real gross domestic product on a quarterly basis, compared to the corresponding period of the previous year, increased consecutively from the first quarter of calendar 2013 through the first quarter of calendar 2014.

The Japanese government stated in its monthly economic reports from January through March 2014 that the Japanese economy is recovering at a moderate pace. The reports from April through June 2014 stated that the Japanese economy is on a moderate recovery trend, while some weak movements are seen lately due to a reaction after a last-minute rise in demand before a consumption tax increase, and in July 2014, it stated that the Japanese economy is on a moderate recovery trend and the reaction after a last-minute rise in demand before the consumption tax increase is easing.

Japan s core nationwide consumer price index was unchanged in the fiscal year ended March 31, 2012, but decreased by 0.2% in the fiscal year ended March 31, 2013, and increased by 0.8% in the fiscal year ended March 31, 2014 compared to the previous year.

The Japanese government stated in its monthly economic reports from November 2009 through April 2013 that the Japanese economy was in a mild deflationary phase, but the reports in May and June 2013 added that signs of change can be seen in some areas recently. Furthermore, the report in July 2013 stated that the deflation is easing, followed by the reports from August through November 2013 which stated that the deflation is ending. In December 2013 and January 2014, they stated that prices hold firm. The reports in February and March 2014 strengthened the positive tone to state that prices are rising moderately and in April and May 2014, they stated that consumer prices are rising moderately and in June and July 2014 added that domestic corporate goods prices are rising moderately recently.

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The following chart shows the growth rates of Japan s gross domestic product on a year-on-year basis and Japan s core nationwide consumer price indices from the first quarter of 2011 through the first quarter of 2014:

In January 2013, the Bank of Japan announced that it would set a price stability target at 2% in terms of the year-on-year rate of change in the consumer price index and introduced the open-ended asset purchasing method under the asset purchase program, pursuant to which financial assets will be purchased on a monthly basis without setting any termination date, for the purpose of taking additional steps to provide monetary accommodation decisively. Furthermore, the Japanese government and the Bank of Japan released a joint statement that they would strengthen their policy coordination and work together in order to overcome deflation early and achieve sustainable economic growth with price stability. In April 2013, the Bank of Japan announced that it would introduce the quantitative and qualitative monetary easing to enter a new phase of monetary easing and continue with the easing that aims to achieve the price stability target of 2% until that target is maintained in a stable manner. Under the easing, the Bank of Japan announced that it would change the main operating target for money market operations from the uncollateralized overnight call rate to the monetary base, which is to be increased at an annual pace of about ¥60-70 trillion. In addition, the Bank of Japan announced that it would expand its purchases of Japanese government bonds, of all maturities including 40-year bonds, to be increased at an annual pace of about ¥50 trillion and terminate the asset purchase program which would be absorbed into those purchases of the bonds. Furthermore, the Bank of Japan announced that it would expand its purchases of ETFs and Japan real estate investment trusts so that their amounts outstanding would be increased at an annual pace of ¥1 trillion and ¥30 billion, respectively.

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The following charts show movements in long-term rates from January 2011 to June 2014, represented by the yield on newly issued 10-year Japanese government bonds, and in short-term interest rates from January 2011 to June 2014, represented by the three-month Tokyo interbank offered rate, or TIBOR, and the uncollateralized overnight call rate used in the interbank market:

According to the Bank of Japan, the aggregate monthly average balance of bank loans compared with that of the previous year started to increase in October 2011 and has continued to increase, with the rate of increase gradually rising, through March 2014.

The CDS index called Markit iTraxx Japan, which is composed of 50 of the most liquid investment grade CDSs for Japanese entities, fell to 83.6 basis points as of March 31, 2014 from 113.9 basis points as of March 29, 2013, and further fell to 67.3 basis points as of June 30, 2014. For information on financial transactions for hedging in relation to credit derivatives, see Item 3.D. Key Information Risk Factors Risks Relating to Our Business Financial transactions entered into for hedging and other similar purposes could adversely affect our financial condition and results of operations.

According to Teikoku Databank, a Japanese research institution, there were approximately 11,400 corporate bankruptcies in the fiscal year ended March 31, 2012, involving approximately ¥3.9 trillion in total liabilities, approximately 10,700 corporate bankruptcies in the fiscal year ended March 31, 2013, involving approximately ¥2.9 trillion in total liabilities, and approximately 10,100 corporate bankruptcies in the fiscal year ended March 31, 2014, involving approximately ¥2.7 trillion in total liabilities. The number of corporate bankruptcies decreased from a year earlier for the fifth consecutive year, and the amount of total liabilities marked the lowest level in the past ten years.

According to the Tokyo Stock Exchange, or the TSE, the aggregate ordinary profits and net income of all companies listed on the TSE with a March 31 fiscal year end, excluding financial institutions and companies newly listed during the relevant fiscal year, increased from ¥22.1 trillion and ¥8.9 trillion, respectively, for the fiscal year ended March 31, 2012, to ¥23.5 trillion and ¥10.4 trillion, respectively, for the fiscal year ended March 31, 2013, and increased to ¥33.2 trillion and ¥20.4 trillion, respectively, for the fiscal year ended March 31, 2014.

According to the Bank of Japan, total financial assets of households increased from ¥1,520.7 trillion as of March 31, 2012 to ¥1,578.7 trillion as of March 31, 2013 and further increased to ¥1,630.4 trillion as of March 31, 2014. The following chart shows the amount of total financial assets of households and breakdown based on type of financial asset as of the ends of the first quarter of 2011 through the first quarter of 2014:

The Nikkei Stock Average, which is an average of the price of 225 stocks listed on the Tokyo Stock Exchange, increased by 3.4% to ¥10,083.56 during the fiscal year ended March 31, 2012, followed by a 23.0% increase to ¥12,397.91 during the fiscal year ended March 31, 2013 and a 19.6% increase to ¥14,827.83 during the fiscal year ended March 31, 2014. Thereafter, the Nikkei Stock Average further increased to ¥15,162.10 as of June 30, 2014. The following chart shows the daily closing price of the Nikkei Stock Average from January 2011 to June 2014:

The Japanese yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥82.17 to $1.00 as of March 30, 2012, ¥94.04 to $1.00 as of March 29, 2013 and ¥102.98 to $1.00 as of March 31, 2014. Thereafter, the yen strengthened to ¥101.39 to $1.00 as of June 30, 2014. The following chart shows the yen/dollar spot rate of 5 p.m. Tokyo time published by the Bank of Japan from January 2011 to June 2014:

According to the Ministry of Land, Infrastructure, Transport and Tourism of Japan, housing starts in Japan increased by 2.7%, 6.2% and 10.6% in the fiscal years ended March 31, 2012, 2013 and 2014, respectively.

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According to the Ministry of Land, Infrastructure, Transport and Tourism of Japan, the average published land prices in Japan decreased by 2.3%, 1.6% and 0.6% during calendar years 2011, 2012 and 2013, respectively.

Capital Improvements

All yen figures in this subsection are truncated.

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

Strengthening of Stable Capital Base

In the fiscal year ended March 31, 2014, we strengthened our capital base mainly as a result of earning ¥688.4 billion of consolidated net income (under Japanese GAAP).

With respect to redemptions of previously issued securities, since April 2013, we have made redemptions of various securities that are eligible Tier1/Tier2 capital instruments subject to phase-out arrangements under Basel III upon the arrival of their respective initial optional redemption dates or their respective maturity dates. With respect to Tier 1 capital, in July 2013, we acquired and subsequently cancelled all ¥36.9 billion of the thirteenth series class XIII preferred stock. In June 2014, we redeemed $850 million and ¥139.5 billion of non-dilutive Tier 1 preferred securities that were issued by our overseas special purpose companies in February 2009 and June 2009, respectively. With respect to Tier 2 capital, in February 2014, we redeemed ¥60.0 billion of dated subordinated bonds that were issued by the former Mizuho Corporate Bank in February 2004, and in March 2014, we redeemed ¥15.2 billion of dated subordinated bonds that were issued by Mizuho Trust & Banking in March 2009. In April 2014, we redeemed $1.5 billion of dated subordinated bonds that were issued by our overseas special purpose company in March 2004. In June 2014, we redeemed ¥66.0 billion of dated subordinated bonds that were issued by the former Mizuho Corporate Bank in June 2009.

With respect to new issuances, in March 2014, our overseas special purpose company issued $1.5 billion of dated subordinated bonds with a write-down feature that are Basel III-eligible Tier 2 capital instruments. In July 2014, Mizuho Financial Group issued ¥100.0 billion of dated subordinated bonds with a write-down feature that are Basel III-eligible Tier 2 capital instruments through public offerings to wholesale investors in Japan.

The new capital regulations under Basel III were implemented beginning on March 31, 2013. Our Common Equity Tier 1 capital ratio under Basel III as of March 31, 2014 was 8.79%.

We aim to increase, by March 31, 2016, to a level that enables us to secure stably our Common Equity Tier 1 capital ratio under Basel III of 8% or higher (on a fully-effective basis and including the outstanding balance of the eleventh series class XI preferred stock, which was ¥312.6 billion as of March 31, 2014, that will become mandatorily converted into common stock, and will thus be fully recognized as Common Equity Tier 1 capital by July 2016). We believe that we will be able to secure a sufficient Common Equity Tier 1 capital ratio under Basel III as of March 31, 2019 when it becomes fully effective pursuant to its phase-in implementation. The foregoing target is based on capital regulations that have been announced to date.

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

Steady Returns to Shareholders

We paid cash dividends with respect to the fiscal year ended March 31, 2014 of ¥6.5 per share of common stock (including interim dividend payments of ¥3), which was an increase of ¥0.5 per share from the previous fiscal year.

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With the results of the fiscal year ended March 31, 2014, we believe that we have reached a certain capital level that can support our future growth strategy. In and after the fiscal year ending March 31, 2015, we continuously consider the optimum balance between strengthening of stable capital base and steady returns to shareholders. We will comprehensively consider the business environment such as the Mizuho group s business results, profit base, capital, and domestic and international regulation trends such as the Basel framework and determine cash dividend payments for each term.

Business Trends

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

Loans and Deposits

Loan volume

Our total loan balance increased on a year-on-year basis in the fiscal year ended March 31, 2014 due mainly to an increase in overseas loans. The increase in overseas loans was due mainly to increases in loans to commercial and industrial, mainly in Asia, and a roughly equal effect of the translation impact of the depreciation of the yen against other major currencies.

Margins between loans and deposits

In April 2013, the Bank of Japan announced that it would introduce the quantitative and qualitative monetary easing to enter a new phase of monetary easing both in terms of quantity and quality, and the uncollateralized overnight call rate has been maintained at around 0 to 0.1% for several years. Reflecting a decline in short-term interest rate levels of the yen, the average yield on domestic loans decreased from 1.27% in the fiscal year ended March 31, 2013 to 1.17% in the fiscal year ended March 31, 2014, and the average rate on domestic interest-bearing deposits decreased from 0.08% to 0.07%.

Provision (credit) for loan losses

We recorded a credit for loan losses of ¥126 billion in the fiscal year ended March 31, 2014 compared to a provision for loan losses of ¥140 billion in the fiscal year ended March 31, 2013. The change was due primarily to a decrease in allowance for loan losses on domestic impaired loans as a result of upgrades and collections related to some borrowers and allowance for loan losses on non-impaired loans reflecting upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy as described in Overview Operating Environment. The amount of provision for loan losses in future fiscal years will depend largely on trends in the credit quality of borrowers, which in turn will be affected by the domestic and global economic environment and other factors, and changes in the value of collateral on our loans.

Fees and Commissions

For the fiscal year ended March 31, 2013, fees and commissions increased by ¥38 billion from the previous fiscal year to ¥613 billion due mainly to an increase in fees and commissions from securities-related business, such as those related to equity securities transactions, investment trust and individual annuities as a result of a recovery of the stock markets, and an increase in fees and commissions from deposits, debentures and lending business, such as those associated with domestic syndicated loans. For the fiscal year ended March 31, 2014, fees and commissions increased by ¥63 billion from the previous fiscal year to ¥676 billion due mainly to an increase in fees and commissions from securities-related business, such as those related to investment trusts and individual annuities as a result of the upturn in domestic stock markets, and an increase in fees for other customer services. The amount of fees and commissions from securities-related business, a key component within fees and commissions, is significantly affected by the performance of domestic stock markets, with strong market performance generally having a positive effect on our fees and commissions and *vice versa*.

Debt and Equity Securities Portfolio

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

Increases in long-term interest rates generally lead to a decline in the fair value of our portfolio of debt securities, a vast majority of which consists of Japanese government bonds. As of March 31, 2014, we had a total of ¥27,227 billion of available-for-sale debt securities within our investments, of which ¥22,056 billion was Japanese government bonds. Changes in fair value of such available-for-sale debt securities are reflected in accumulated other comprehensive income, net of tax in equity or, in the case of other-than-temporary impairments, charged to income as an impairment loss. We had ¥36,275 billion and ¥27,227 billion of available-for-sale debt securities as of March 31, 2013 and 2014, respectively, and net unrealized gains of ¥148 billion and ¥60 billion were reflected in accumulated other comprehensive income, net of tax as of such dates, respectively. We earned investment gains related to bonds of ¥91 billion in the fiscal year ended March 31, 2013 and ¥60 billion in the fiscal year ended March 31, 2014. The decrease in investment gains related to bonds was due mainly to a decrease in gains on sales of bonds, which reflected a rise in long-term interest rates of the yen and certain other major currencies. As the Bank of Japan announced a price stability target of 2% in January 2013 and the changes in interest rates that could result may have a substantial impact on the value of our Japanese government bond portfolio, in order to prepare for the risk of sudden and significant future interest rate rise, we continue to manage our Japanese government bond portfolio conservatively by managing the average remaining period of our portfolio and strengthening risk management including through the use of internal stress tests.

Because the size of our portfolio of marketable equity securities is substantial, we are subject to significant equity market risk, as increases in unrealized gains and losses related to changes in the fair value of available-for-sale marketable equity securities are reflected in accumulated other comprehensive income, net of tax in equity or, in the case of other-than-temporary impairments to fair value, charged to income as an impairment loss. As of March 31, 2012, 2013 and 2014, we recorded net unrealized gains related to marketable equity securities of ¥960 billion, ¥1,440 billion and ¥1,754 billion, respectively, in accumulated other comprehensive income, net of tax in equity. For the fiscal years ended March 31, 2012, 2013 and 2014, impairment losses on available-for-sale securities were ¥117 billion, ¥76 billion and ¥5 billion, respectively, of which impairment losses on marketable equity securities were ¥110 billion, ¥72 billion and ¥4 billion, respectively. The decrease in impairment losses on marketable equity securities in the fiscal year ended March 31, 2014 was due mainly to an upturn in domestic stock market condition during such fiscal year. We plan to continue managing the size of our stock portfolio in light of the equity market risk that it subjects us to.

Costs and Expenses

In the fiscal year ended March 31, 2014, general and administrative expenses increased by ¥47 billion from the previous fiscal year to ¥487 billion due mainly to an increase in IT-related costs as a result of the commencement of depreciation relating to the common operational infrastructure of the new IT systems platform, as well as an increase in overseas and advertising expenses. In the fiscal year ended March 31, 2014, salaries and employee benefits increased by ¥15 billion from the previous fiscal year to ¥587 billion due mainly to an increase in overseas personnel expenses, offset in part by a decrease in employee retirement benefit expenses as a result of a decrease in the amortization of net actuarial loss, which primarily reflects past recoveries of the fair value of plan assets and an increase in expected return on plan assets, which reflects various

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aspects of long-term prospects for the economy, historical performance of investments of plan assets and the market environment, including stock market conditions, at the beginning of the fiscal year.

Others

Exposure to Certain European Countries (GIIPS)

In Europe, fiscal problems in certain countries including Greece, Ireland, Italy, Portugal and Spain, have affected the financial system and the real economy, and the uncertainty concerning European economic activity continues to present a risk of a downturn in the world economy, though it has been calming down steadily. As of March 31, 2014, our exposure to obligors in such countries was not significant. Specifically, our principal banking subsidiaries had no holdings of sovereign bonds issued by these countries and had a total of approximately $5.3billion in exposure to obligors in such countries. The breakdown by country and by type of obligor was as follows:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of US dollars)		
Greece	$ 0.1	$	$ (0.1)
Sovereign			
Financial Institutions			
Others	0.1		(0.1)
Ireland	0.3	0.3	
Sovereign			
Financial Institutions	0.1		(0.1)
Others	0.2	0.3	0.1
Italy[3]	1.7	1.4	(0.3)
Sovereign	0.1	0.1	
Financial Institutions	0.1	0.1	
Others	1.5	1.2	(0.3)
Portugal	0.4	0.5	0.1
Sovereign			
Financial Institutions			
Others	0.4	0.5	0.1
Spain[3]	2.6	3.1	0.5
Sovereign			
Financial Institutions			
Others	2.6	3.1	0.5
Total	$ 5.1	$ 5.3	$ 0.2
Sovereign	0.1	0.1	
Financial Institutions[4]	0.2	0.1	(0.1)
Others	4.8	5.1	0.3

Notes:

(1) Figures in the above table are on a managerial accounting basis. The difference between the exposure based on U.S. GAAP and that based on managerial accounting is attributable mainly to the netting of derivatives exposure as described in footnote 2 below and does not have a material impact on total exposure amounts set forth in the above table.
(2) Figures in the above table represent gross exposure except for derivatives exposure which takes into consideration legally enforceable master netting agreements.
(3) The obligors in Italy and Spain to which we had exposure consist mainly of highly rated large corporations.
(4) Our exposure to financial institutions that are not state-owned was minimal.

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Critical Accounting Estimates

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

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

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

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

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

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

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

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

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

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

Valuation of Financial Instruments

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

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

For assets and liabilities classified in Level 1 and 2 of the hierarchy, where inputs are principally based on observable market data, there is less judgment or estimate in determining fair value, while the determination of fair value of Level 3 assets and liabilities involves more significant management judgments and estimates. For further information, including valuation methodologies and the use of management estimates and judgments in connection therewith, see note 28 to the consolidated financial statements included elsewhere in this annual report.

Valuation of Deferred Income Taxes

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

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

The determination of a valuation allowance is an inherently uncertain process due to the use of projected future taxable income and subjective assessments in the effectiveness of our available tax planning strategies provided for under ASC 740. For example, variances in future projected operating performance or tax law changes that impact our tax planning strategies could result in a change in the valuation allowance. If we are not able to realize all or part of our net deferred tax assets in the future, an adjustment to our valuation allowance would be charged to income tax expense in the period when such determination is made, and this could materially and adversely affect our financial condition and results of operations.

Pension and Other Employee Benefit Plans

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

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

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

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

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

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Operating Results

The following table shows certain information as to our income, expenses and net income for the fiscal years ended March 31, 2012, 2013 and 2014:

	Fiscal years ended March 31,		
	2012	2013	2014
	(in billions of yen)		
Interest and dividend income	¥ 1,437	¥ 1,423	¥ 1,423
Interest expense	416	412	402
Net interest income	1,021	1,011	1,021
Provision (credit) for loan losses	(23)	140	(126)
Net interest income after provision (credit) for loan losses	1,044	871	1,147
Noninterest income	1,090	1,439	1,083
Noninterest expenses	1,471	1,425	1,504
Income before income tax expense	663	885	726
Income tax expense	14	4	226
Net income	649	881	500
Less: Net income (loss) attributable to noncontrolling interests	(7)	6	2
Net income attributable to MHFG shareholders	¥ 656	¥ 875	¥ 498

Executive Summary

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

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

Noninterest income decreased by ¥356 billion, or 24.7%, from the previous fiscal year to ¥1,083 billion in the fiscal year ended March 31, 2014. The decrease was due mainly to trading account losses net of ¥60 billion compared to trading account gains net of ¥534 billion in the previous fiscal year, offset in part by an increase in investment gains net of ¥145 billion and an increase in fees and commission income of ¥63 billion. The change in trading account gains (losses) net was due mainly to an increase in losses related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected and an

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increase in losses related to changes in the fair value of derivative financial instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP. The increase in investment gains net was due mainly to an increase in investment gains related to equity securities and other investment gains recorded in the fiscal year ended March 31, 2014 compared to other investment losses in the previous fiscal year, offset in part by a decrease in investment gains related to bonds. The increase in investment gains related to equity securities was due mainly to a decrease in impairment losses on equity securities and an increase in gains on sales of equity securities, both of which were results of an upturn in domestic stock market conditions. The decrease in investment gains related to bonds was due mainly to a decrease in gains on sales of bonds, which reflected a rise in long-term interest rates of the yen and certain other major currencies. The increase in fees and commissions was due mainly to an increase in fees and commissions from securities-related business, as a result of upturn in domestic stock markets, and an increase in fees for other customer services.

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

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

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

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Net interest income decreased by ¥10 billion, or 1.0%, from the previous fiscal year to ¥1,011 billion in the fiscal year ended March 31, 2013 due to a decrease in net domestic interest and dividend income of ¥44 billion, offset in part by an increase in net foreign interest and dividend income of ¥34 billion. The decrease in net domestic interest and dividend income was due mainly to a decrease in interest income from loans as a result of a decrease in the average yield, reflecting a decline in yen interest rate levels, as well as average balance, offset in part by a decrease in interest expense on domestic deposits as a result of a decrease in the average rate, also reflecting a decline in yen interest rate levels. The increase in net foreign interest and dividend income was due mainly to an increase in interest income from foreign loans as a result of an increase in the average balance, mainly in Asia and Oceania, offset in part by an increase in interest expense on foreign short-term borrowings as a result of increases in the average balance and the average rate. We had a provision for loan losses of ¥140 billion in the fiscal year ended March 31, 2013 compared to a credit for loan losses of ¥23 billion in the previous fiscal year. The change was due primarily to an increase in allowance for loan losses as a result of an increase in foreign impaired loans that required an allowance for loan losses and of increased estimated loss reflecting changes in business environment surrounding some domestic obligors, offset in part by the effects of the continuing gradual recovery of the Japanese economy.

Noninterest income increased by ¥349 billion, or 32.0%, from the previous fiscal year to ¥1,439 billion in the fiscal year ended March 31, 2013. The increase was due mainly to an increase in trading account gains net of ¥201 billion, investment gains net of ¥121 billion in the fiscal year ended March 31, 2013 compared to investment losses net of ¥33 billion in the previous fiscal year, an increase in other noninterest income of

¥41 billion and an increase in fees and commissions of ¥38 billion, offset in part by a decrease in foreign exchange gains net of ¥77 billion. The increase in trading account gains net was due mainly to an increase in trading account gains related to bonds reflecting a decline in yen interest rate levels, an increase in trading account gains related to domestic equity securities reflecting an upturn in domestic market conditions and gains recorded by consolidated VIEs as a result of an improvement in market conditions. The change in investment gains (losses) net was due mainly to investment gains related to equity securities recorded in the fiscal year ended March 31, 2013 compared to investment losses related to equity securities in the previous fiscal year and an increase in investment gains related to bonds. The increase in fees and commissions was due mainly to an increase in fees and commissions from securities-related business and an increase in fees and commissions from deposits, debentures and lending business. The decrease in foreign exchange gains net was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2013.

Noninterest expenses decreased by ¥46 billion, or 3.1%, from the previous fiscal year to ¥1,425 billion in the fiscal year ended March 31, 2013. The decrease was due mainly to a decrease in general and administrative expenses of ¥37 billion and a decrease in salaries and employee benefits of ¥15 billion. The decrease in general and administrative expenses was due mainly to our continuous group-wide cost reduction efforts. The decrease in salaries and employee benefits was due mainly to the effect of decreased employee retirement benefit expenses.

As a result of the foregoing, income before income tax expense increased by ¥222 billion, or 33.5%, from the previous fiscal year to ¥885 billion in the fiscal year ended March 31, 2013. Income tax expense decreased by ¥10 billion, or 71.4%, from the previous fiscal year to ¥4 billion in the fiscal year ended March 31, 2013 due mainly to a decrease in current income tax expense.

Net income increased by ¥232 billion, or 35.7%, from the previous fiscal year to ¥881 billion in the fiscal year ended March 31, 2013. Net income (loss) attributable to noncontrolling interests was an income of ¥6 billion compared to a loss of ¥7 billion in the previous fiscal year. As a result, net income attributable to MHFG shareholders increased by ¥219 billion, or 33.4%, from the previous fiscal year to ¥875 billion in the fiscal year ended March 31, 2013.

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Net Interest Income

The following table shows the average balance of interest-earning assets and interest-bearing liabilities, interest amounts and the average interest rates on such assets and liabilities for the fiscal years ended March 31, 2012, 2013 and 2014:

	Fiscal years ended March 31,								
	2012			2013			2014		
	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate
	(in billions of yen, except percentages)								
Domestic:									
Interest-bearing deposits in other banks	¥ 1,822	¥ 2	0.13%	¥ 3,096	¥ 3	0.10%	¥ 10,995	¥ 12	0.10%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	6,122	11	0.17	6,676	11	0.17	4,048	8	0.21
Trading account assets	8,884	25	0.28	9,019	15	0.17	6,937	24	0.35
Investments	39,529	206	0.52	38,974	191	0.49	34,481	155	0.45
Loans	53,770	707	1.31	53,222	674	1.27	54,230	634	1.17
Total interest-earning assets	110,127	951	0.86	110,987	894	0.81	110,691	833	0.75
Deposits	68,474	64	0.09	70,281	57	0.08	73,858	53	0.07
Debentures	86		0.45						
Short-term borrowings(1)	25,591	43	0.17	26,540	42	0.16	20,471	29	0.14
Trading account liabilities	3,833	14	0.38	2,986	13	0.44	2,836	12	0.42
Long-term debt	8,172	175	2.13	8,184	171	2.09	9,046	178	1.97
Total interest-bearing liabilities	106,156	296	0.28	107,991	283	0.26	106,211	272	0.26
Net	3,971	655	0.58	2,996	611	0.55	4,480	561	0.49
Foreign:									
Interest-bearing deposits in other banks	3,509	17	0.46	3,600	15	0.42	4,878	22	0.45
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	9,082	35	0.39	10,226	51	0.50	11,961	34	0.28
Trading account assets	8,855	168	1.91	11,352	154	1.36	11,780	137	1.16
Investments	1,639	36	2.18	2,045	34	1.73	1,910	48	2.52
Loans	11,334	230	2.03	14,289	275	1.92	17,420	349	2.00
Total interest-earning assets	34,419	486	1.41	41,512	529	1.28	47,949	590	1.23
Deposits	9,878	67	0.68	11,700	67	0.58	14,695	80	0.55
Short-term borrowings(1)	13,248	34	0.25	16,653	49	0.29	20,598	28	0.13
Trading account liabilities	892	14	1.58	965	11	1.09	1,319	19	1.44
Long-term debt	650	5	0.84	733	2	0.40	764	3	0.39
Total interest-bearing liabilities	24,668	120	0.49	30,051	129	0.43	37,376	130	0.35
Net	9,751	366	0.92	11,461	400	0.85	10,573	460	0.88

Total:									
Total interest-earning assets	144,546	1,437	0.99	152,499	1,423	0.93	158,640	1,423	0.90
Total interest-bearing liabilities	130,824	416	0.32	138,042	412	0.30	143,587	402	0.28
Net	¥ 13,722	¥ 1,021	0.67	¥ 14,457	¥ 1,011	0.63	¥ 15,053	¥ 1,021	0.62

Note:

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

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

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

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

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

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

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

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

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

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Interest and dividend income decreased by ¥14 billion, or 1.0%, from the previous fiscal year to ¥1,423 billion in the fiscal year ended March 31, 2013. Domestic interest and dividend income accounted for ¥894 billion of the total amount, a decrease of ¥57 billion from the previous fiscal year, and foreign interest and dividend income accounted for ¥529 billion, an increase of ¥43 billion from the previous fiscal year.

The decrease in domestic interest and dividend income was due mainly to the decrease in interest income from domestic loans. The decrease in interest income from domestic loans was due mainly to the decrease in the average yield, reflecting a decline in yen interest rate levels, as well as the average balance. Changes in the average yields on domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥49 billion, and changes in the average balances of domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥8 billion, resulting in the ¥57 billion decrease in domestic interest and dividend income.

The increase in foreign interest and dividend income was due mainly to the increase in interest income from foreign loans. The increase in interest income from foreign loans was due mainly to an increase in the average balance, mainly in Asia and Oceania. Changes in the average yields on foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥60 billion, and changes in the average balance of foreign interest-earning assets contributed to an overall increase in interest and dividend income of ¥103 billion, resulting in the ¥43 billion increase in foreign interest and dividend income.

Interest expense decreased by ¥4 billion, or 1.0%, from the previous fiscal year to ¥412 billion in the fiscal year ended March 31, 2013. Domestic interest expense accounted for ¥283 billion of the total amount, a decrease of ¥13 billion from the previous fiscal year, and foreign interest expense accounted for ¥129 billion of the total amount, an increase of ¥9 billion from the previous fiscal year.

The decrease in domestic interest expense was due mainly to a decrease in interest expense on domestic deposits. The decrease in interest expense on domestic deposits was due mainly to a decrease in the average interest rate, reflecting a decline in yen interest rate levels. The changes in the average interest rates on domestic interest-bearing liabilities contributed to substantially all of the overall decrease in interest expense of ¥13 billion.

The increase in foreign interest expense was due mainly to an increase in interest expense on foreign short-term borrowings. The increase in foreign interest expense on foreign short-term borrowings was due mainly to an increase in the average balance, primarily as a result of an increase in payables under repurchase agreements of our securities subsidiary in the United States as well as the average interest rate. The changes in the average interest rates on foreign interest-bearing liabilities contributed to an overall decrease in interest expense of ¥11 billion, and the changes in the average balance of foreign interest-bearing liabilities contributed to an overall increase in interest expense of ¥20 billion, resulting in the ¥9 billion increase in foreign interest expense.

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As a result of the foregoing, net interest income decreased by ¥10 billion, or 1.0%, from the previous fiscal year to ¥1,011 billion. The average interest rate spread decreased by 0.04% to 0.63%, with the domestic average interest rate spread decreasing by 0.03% due to a decrease in the average yield on interest-earning assets, which more than offset the effect of a decrease in the average interest rate on interest-bearing liabilities, both of which reflect declining yen interest rate levels, and the foreign average interest rate spread decreasing by 0.07% due to the effect of the decrease in the average yield on interest-earning assets exceeding the effect of the decrease in the average interest rate on interest-bearing liabilities, both of which reflects declining euro interest rate levels.

Provision (Credit) for Loan Losses

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

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

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

We had a provision for loan losses of ¥140 billion in the fiscal year ended March 31, 2013 compared to a credit for loan losses of ¥23 billion in the previous fiscal year. The change was due primarily to an increase in allowance for loan losses as a result of an increase in foreign impaired loans that required an allowance for loan losses and of increased estimated loss reflecting changes in business environment surrounding some domestic obligors, offset in part by the effects of the continuing gradual recovery of the Japanese economy.

Noninterest Income

The following table shows a breakdown of noninterest income for the fiscal years ended March 31, 2012, 2013 and 2014:

	Fiscal years ended March 31,		
	2012	2013	2014
	(in billions of yen)		
Fees and commissions	¥ 575	¥ 613	¥ 676
Fees and commissions from securities-related business	116	133	170
Fees and commissions from deposits, debentures and lending business	98	114	114
Fees and commissions from remittance business	105	105	109
Trust fees	46	46	49
Fees for other customer services	210	215	234
Foreign exchange gains (losses) net	98	21	26
Trading account gains (losses) net	333	534	(60)
Investment gains (losses) net	(33)	121	266
Investment gains (losses) related to bonds	42	91	60
Investment gains (losses) related to equity securities	(65)	56	175
Others	(10)	(26)	31
Gains on disposal of premises and equipment	20	12	10
Other noninterest income	97	138	165
Total noninterest income	¥ 1,090	¥ 1,439	¥ 1,083

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

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

Fees and commissions

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

Trading account gains (losses) net

Trading account gains (losses) net was a loss of ¥60 billion in the fiscal year ended March 31, 2014 compared to a gain of ¥534 billion in the previous fiscal year. The change was due mainly to an increase in losses related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected, reflecting a rise in long-term interest rates, and an increase in losses related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risks, that are not eligible for hedge accounting under U.S. GAAP. For further information on the fair value option, see note 28 to our consolidated financial statements included elsewhere in this annual report.

Investment gains (losses) net

Investment gains net increased by ¥145 billion, or 119.8%, from the previous fiscal year to ¥266 billion in the fiscal year ended March 31, 2014. The increase was due mainly to an increase in investment gains related to equity securities of ¥119 billion, and other investment gains of ¥31 billion recorded in the fiscal year ended March 31, 2014 compared to other investment losses of ¥26 billion in the previous fiscal year, offset in part by a decrease in investment gains related to bonds of ¥31 billion. The increase in investment gains related to equity securities was due mainly to a decrease in impairment losses on equity securities and an increase in gains on sales of equity securities, both of which were results of an upturn in domestic stock market conditions during the fiscal year ended March 31, 2014. The decrease in investment gains related to bonds was due mainly to a decrease in gains on sales of bonds in the fiscal year ended March 31, 2014, which reflected a rise in long-term interest rates of the yen and certain other major currencies during the fiscal year ended March 31, 2014 compared to the previous fiscal year.

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Noninterest income increased by ¥349 billion, or 32.0%, from the previous fiscal year to ¥1,439 billion in the fiscal year ended March 31, 2013. The increase was due mainly to an increase in trading account gains net of ¥201 billion, investment gains net of ¥121 billion in the fiscal year ended March 31, 2013 compared to investment losses net of ¥33 billion in the previous fiscal year, an increase in other noninterest income of ¥41 billion and an increase in fees and commissions of ¥38 billion, offset in part by a decrease in foreign exchange gains net of ¥77 billion.

Fees and commissions

Fees and commissions increased by ¥38 billion, or 6.6%, from the previous fiscal year to ¥613 billion in the fiscal year ended March 31, 2013. The increase was due mainly to an increase in fees and commissions from

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securities-related business of ¥17 billion and an increase in fees and commissions from deposits, debentures and lending business of ¥16 billion. The increase in fees and commissions from securities-related business was due mainly to an increase in fees and commissions related to equity securities transactions, investment trust and individual annuities as a result of a recovery of the stock markets during the fiscal year ended March 31, 2013. The increase in fees and commissions from deposits, debentures and lending business was due mainly to an increase in fee income associated with domestic syndicated loans.

Foreign exchange gains (losses) net

Foreign exchange gains net decreased by ¥77 billion, or 78.6%, from the previous fiscal year to ¥21 billion in the fiscal year ended March 31, 2013. The decrease was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2013.

Trading account gains (losses) net

Trading account gains net increased by ¥201 billion, or 60.4%, from the previous fiscal year to ¥534 billion in the fiscal year ended March 31, 2013. The increase was due mainly to an increase in trading account gains earned by our securities subsidiary related to bonds reflecting a decline in yen interest rate levels and related to domestic equity securities reflecting an upturn in domestic market conditions, gains recorded by consolidated VIEs as a result of an improvement in market conditions and an increase in gains related to change in the fair value of derivative financial instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP, offset in part by a decrease in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. For further information on the fair value option, see note 28 to our consolidated financial statements included elsewhere in this annual report.

Investment gains (losses) net

Investment gains (losses) net was a gain of ¥121 billion in the fiscal year ended March 31, 2013 compared to a loss of ¥33 billion in the previous fiscal year. The change was due mainly to investment gains related to equity securities of ¥56 billion recorded in the fiscal year ended March 31, 2013 compared to investment losses related to equity securities of ¥65 billion in the previous fiscal year and an increase in investment gains related to bonds of ¥49 billion from the previous fiscal year to ¥91 billion in the fiscal year ended March 31, 2013. The change in investment gains (losses) related to equity securities was due mainly to an increase in gains on sales of equity securities as a result of an upturn in domestic stock market conditions. The increase in investment gains related to bonds was due mainly to an increase in gains related to sales of Japanese government bonds as a result of declining yen interest rates. For further information, see note 3 to our consolidated financial statements included elsewhere in this annual report.

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Noninterest Expenses

The following table shows a breakdown of noninterest expenses for the fiscal years ended March 31, 2012, 2013 and 2014:

	Fiscal years ended March 31,		
	2012	2013	2014
	(in billions of yen)		
Salaries and employee benefits	¥ 587	¥ 572	¥ 587
General and administrative expenses	477	440	487
Impairment of goodwill	6		4
Occupancy expenses	175	172	172
Fees and commission expenses	108	109	122
Provision (credit) for losses on off-balance-sheet instruments	(1)	5	12
Other noninterest expenses	119	127	120
Total noninterest expenses	¥ 1,471	¥ 1,425	¥ 1,504

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

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

Salaries and employee benefits

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

General and administrative expenses

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

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Noninterest expenses decreased by ¥46 billion, or 3.1%, from the previous fiscal year to ¥1,425 billion in the fiscal year ended March 31, 2013. The decrease was due mainly to a decrease in general and administrative expenses of ¥37 billion and a decrease in salaries and employee benefits of ¥15 billion. The decrease in general and administrative expenses was due mainly to our continuous group-wide cost reduction efforts. The decrease in salaries and employee benefits was due mainly to the effect of decreased employee retirement benefit expenses.

Salaries and employee benefits

Salaries and employee benefits decreased by ¥15 billion, or 2.6%, from the previous fiscal year to ¥572 billion in the fiscal year ended March 31, 2013 due mainly to the effect of decreased employee retirement benefit

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expenses as a result of a decrease in the amortization of net actuarial loss, which primarily reflects past recoveries of the fair value of plan assets, an increase in expected return on plan assets, which reflects various aspects of long-term prospects for the economy, historical performance of investments of plan assets and the market environment, including stock market conditions, at the beginning of the fiscal year, and the absence of a premium allowance for a voluntary early retirement program of a securities subsidiary incurred in the previous fiscal year. Additional information regarding pension and other employee benefit plans is included in note 20 to our consolidated financial statements included elsewhere in this annual report.

General and administrative expenses

General and administrative expenses decreased by ¥37 billion, or 7.8%, from the previous fiscal year to ¥440 billion in the fiscal year ended March 31, 2013. The decrease was due mainly to our continuous group-wide cost reduction efforts.

Income Tax Expense

The following table shows the components of income tax expense (benefit) for the fiscal years ended March 31, 2012, 2013 and 2014:

	Fiscal years ended March 31,		
	2012	2013	2014
	(in billions of yen)		
Current:			
Domestic	¥ 22	¥ 37	¥ 93
Foreign	33	11	43
Total current tax expense	55	48	136
Deferred:			
Domestic	(37)	(40)	95
Foreign	(4)	(4)	(5)
Total deferred tax expense (benefit)	(41)	(44)	90
Total income tax expense	¥ 14	¥ 4	¥ 226

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

Income tax expense increased by ¥222 billion from the previous fiscal year to ¥226 billion in the fiscal year ended March 31, 2014, due mainly to deferred tax expense of ¥90 billion compared to deferred tax benefit of ¥44 billion in the previous fiscal year and an increase in current income tax expense of ¥88 billion. The change in deferred tax expense (benefit) was due mainly to a decrease in deferred tax assets, net of allowance, as a result of a slowing in the increase of our estimation of future taxable income compared with the previous fiscal year, which in turn was due to a slowing in the increase of net unrealized gains on available-for-sale securities compared with the previous fiscal year. The increase in current tax expense was due mainly to an increase in the taxable income of a principal banking subsidiary.

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Income tax expense decreased by ¥10 billion, or 71.4%, from the previous fiscal year to ¥4 billion in the fiscal year ended March 31, 2013, due mainly to a decrease in current income tax expense.

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The following table shows components of deferred tax assets as of March 31, 2012, 2013 and 2014:

	2012	As of March 31, 2013 (in billions of yen)	2014
Deferred tax assets:			
Investments	¥ 1,064	¥ 889	¥ 724
Allowance for loan losses	333	337	267
Trading account assets	59		20
Prepaid pension cost and accrued pension liabilities	12		
Derivative financial instruments			29
Undistributed earnings of subsidiaries	1		
Net operating loss carryforwards	1,476	450	449
Other	282	265	204
Gross deferred tax assets	3,227	1,941	1,693
Valuation allowance	(1,952)	(585)	(444)
Deferred tax assets, net of valuation allowance	1,275	1,356	1,249
Deferred tax liabilities:			
Available-for-sale securities	369	568	659
Prepaid pension cost and accrued pension liabilities		40	133
Derivative financial instruments	28	35	
Premises and equipment	4	12	11
Trading account assets		11	
Undistributed earnings of subsidiaries		11	12
Other	53	52	62
Gross deferred tax liabilities	454	729	877
Net deferred tax assets	¥ 821	¥ 627	¥ 372

Net Income (Loss) Attributable to Noncontrolling Interests

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

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

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

Net income (loss) attributable to noncontrolling interests was an income of ¥6 billion in the fiscal year ended March 31, 2013 compared to a loss of ¥7 billion in the previous fiscal year due mainly to the allocation of income recorded by our securities subsidiaries in the fiscal year ended March 31, 2013 compared to the allocation of losses incurred by our securities subsidiaries in the previous fiscal year.

Net Income Attributable to MHFG Shareholders

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

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

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

As a result of the foregoing, net income attributable to MHFG shareholders increased by ¥219 billion, or 33.4%, from the previous fiscal year to ¥875 billion in the fiscal year ended March 31, 2013.

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Business Segments Analysis

Our operating segments are based on the nature of the products and services provided, the type of customer and our management organization. The business segment information set forth below is derived from the internal management reporting systems used by management to measure the performance of our business segments. We measure the performance of each of our operating segments primarily in terms of net business profits in accordance with internal managerial accounting rules and practices. Net business profits is used in Japan as a measure of the profitability of core banking operations and is defined as gross profits (or the sum of net interest income, fiduciary income, net fee and commission income, net trading income and net other operating income) less general and administrative expenses. Measurement by net business profits is required for regulatory reporting to the Financial Services Agency. Therefore, the format and information are presented primarily on the basis of Japanese GAAP and are not consistent with the consolidated financial statements prepared in accordance with U.S. GAAP. A reconciliation of total net business profits with income before income tax expense under U.S. GAAP is provided in note 31 to our consolidated financial statements included elsewhere in this report.

Beginning on April 1, 2013, we moved to a new group operational structure and established ten business units such as Personal Banking, Retail Banking, Corporate Banking (Large Corporations), etc., and head-office coordination divisions to determine strategies and initiatives across the group-wide banking, trust banking, securities and other business areas, based on the ten business units across Mizuho Bank (the former Mizuho Bank and the former Mizuho Corporate Bank merged on July 1, 2013), Mizuho Trust & Banking and Mizuho Securities, etc., and we realigned the reportable segments to reflect the new organizational structure. The former three Global Groups were abolished.

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

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

Mizuho Bank

Personal Banking

This segment provides financial products and services such as housing loans, deposits, investment trusts and individual insurance to individual customers through Mizuho Bank s nationwide branches and ATM network as well as telephone and the internet banking services. In addition, this segment handles trust products as an agent of Mizuho Trust & Banking.

Retail Banking

This segment provides financial products and services, such as comprehensive consulting services of business succession and asset inheritance and asset management for business owners and high-net-worth customers. This segment also provides overall banking services for SMEs.

Corporate Banking (Large Corporations)

This segment provides a full range of financial solutions on a global basis to Japanese large corporations and their affiliates by integrating our specialty functions, including banking, trust and securities, based on solid relationships with our domestic customers and by utilizing our global industry knowledge.

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Corporate Banking

This segment provides, to larger SMEs, financial products and services including a range of solution businesses in accordance with the growth strategy of our corporate customers. This segment provides solutions for stable fund-raising, mergers and acquisitions and initial public offerings for customers in their start-up or growth stages, and management buy-out, business succession, entry to new business and business restructuring for customers in mature or transition stages.

Financial Institutions & Public Sector Business

This segment provides advisory services and solutions such as advice on financial strategy and risk management to financial institutions and provides comprehensive financial products and services that include funding support via the subscription and underwriting of bonds, etc., to public sector entities.

International Banking

This segment provides unified support both in Japan and overseas for our Japanese corporate customers to expand their overseas operations, and also promotes business with non-Japanese corporate customers in various countries through our global network. Further, this segment offers products such as project finance and trade finance for overseas customers.

Trading and others

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

Mizuho Trust & Banking

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

Mizuho Securities

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

Others

This segment consists of Mizuho Financial Group, our subsidiaries other than Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities, and our equity-method affiliates. They provide a wide range of customers with various products and services such as those related to trust and custody, asset management and private banking through companies such as Trust & Custody Services Bank, Mizuho Asset Management, DIAM (an equity-method affiliate) and Mizuho Private Wealth Management. This segment also provides non-banking services, including research and consulting services through Mizuho Research Institute, information technology-related services through Mizuho Information & Research Institute, and advisory services to financial institutions through Mizuho Financial Strategy.

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The information below for reportable segments is derived from our internal management reporting systems.

Results of Operations by Business Segment

Consolidated Results of Operations

Consolidated gross profits for the fiscal year ended March 31, 2014 were ¥2,035.3 billion, a decrease of ¥136.4 billion compared to the fiscal year ended March 31, 2013. Consolidated general and administrative expenses for the fiscal year ended March 31, 2014 were ¥1,229.3 billion, an increase of ¥58.3 billion compared to the fiscal year ended March 31, 2013. Consolidated net business profits for the fiscal year ended March 31, 2014 were ¥744.3 billion, a decrease of ¥167.9 billion compared to the fiscal year ended March 31, 2013.

		The former Mizuho Bank (Consolidated)								
		The former Mizuho Bank (Non-consolidated)							The former Mizuho Investors Securities (Consolidated)	Others
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)	Trading and others (f)	(g)	(h)
	(in billions of yen)									
Fiscal year ended March 31, 2012[(1)]										
Gross profits (excluding the amounts of credit costs of trust accounts):										
Net interest income (expense)	¥ 583.9	¥ 545.4	¥ 224.3	¥ 95.1	¥ 17.8	¥ 118.6	¥ 22.2	¥ 67.4	¥ 0.7	¥ 37.8
Net noninterest income	305.8	253.3	32.1	41.0	19.0	68.2	8.6	84.4	43.9	8.6
Total	889.7	798.7	256.4	136.1	36.8	186.8	30.8	151.8	44.6	46.4
General and administrative expenses (excluding non-recurring losses)	608.5	556.4	218.6	108.2	18.5	86.4	14.5	110.2	40.9	11.2
Others	(14.0)									(14.0)
Net business profits (losses) (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)	¥ 267.2	¥ 242.3	¥ 37.8	¥ 27.9	¥ 18.3	¥ 100.4	¥ 16.3	¥ 41.6	¥ 3.7	¥ 21.2

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	The former Mizuho Corporate Bank (Consolidated)									Mizuho Trust & Banking (Consolidated)	Others	Mizuho Financial Group (Consolidated)
		The former Mizuho Corporate Bank (Non-consolidated)						The former Mizuho Securities (Consolidated)	Others			
	Total	Total	Corporate Banking (Large Corporations) (i)	Corporate Banking (j)	Financial Institution & Public Sector Business (k)	Inter-national Banking (l)	Trading and others (m)	(n)	(o)	(p)	(q)	Total
	(in billions of yen)											
Fiscal year ended March 31, 2012(1)												
Gross profits (excluding the amounts of credit costs of trust accounts):												
Net interest income (expense)	¥ 468.3	¥ 395.0	¥ 150.6	¥ 2.7	¥ 18.1	¥ 90.3	¥ 133.3	¥ (8.1)	¥ 81.4	¥ 42.5	¥ (6.4)	¥ 1,088.3
Net noninterest income	449.4	286.8	114.4	1.1	15.8	86.9	68.6	151.7	10.9	104.8	54.8	914.8
Total	917.7	681.8	265.0	3.8	33.9	177.2	201.9	143.6	92.3	147.3	48.4	2,003.1
General and administrative expenses (excluding non-recurring losses)	465.4	244.9	75.6	1.3	11.6	60.3	96.1	192.9	27.6	92.3	40.1	1,206.3
Others	(52.1)							(0.1)	(52.0)	(3.7)	(7.9)	(77.7)
Net business profits (losses) (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)	¥ 400.2	¥ 436.9	¥ 189.4	¥ 2.5	¥ 22.3	¥ 116.9	¥ 105.8	¥ (49.4)	¥ 12.7	¥ 51.3	¥ 0.4	¥ 719.1

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

Others	(7.4)								(7.4)
Net business profits (losses) (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)	¥ 335.3	¥ 303.1	¥ 34.5	¥ 11.9	¥ 22.6	¥ 103.6	¥ 16.6	¥ 113.9	¥ 32.2

	The former Mizuho Corporate Bank (Consolidated)									Mizuho Trust & Banking (Consolidated)	Others	Mizuho Financial Group (Consolidated)
		The former Mizuho Corporate Bank (Non-consolidated)						Mizuho Securities (Consolidated)	Others			
	Total	Total	Corporate Banking (Large Corporations) (h)	Corporate Banking (i)	Financial Institution & Public Sector Business (j)	Inter-national Banking (k)	Trading and others (l)	(m)	(n)	(o)	(p)	Total
	(in billions of yen)											
Fiscal year ended March 31, 2013(1)(2)(4)												
Gross profits (excluding the amounts of credit costs of trust accounts):												
Net interest income (expense)	¥ 486.1	¥ 401.7	¥ 140.9	¥ 0.5	¥ 16.3	¥ 108.2	¥ 135.8	¥ (1.8)	¥ 86.2	¥ 39.5	¥ (0.3)	¥ 1,075.9
Net noninterest income	572.8	333.4	103.3	0.2	13.2	104.7	112.0	229.0	10.4	105.0	57.7	1,095.8
Total	1,058.9	735.1	244.2	0.7	29.5	212.9	247.8	227.2	96.6	144.5	57.4	2,171.7
General and administrative expenses (excluding non-recurring losses)	471.9	241.1	76.8	1.3	12.2	66.6	84.2	197.1	33.7	90.1	40.8	1,171.0
Others	(50.0)								(50.0)	(3.5)	(27.6)	(88.5)
Net business profits (losses) (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)	¥ 537.0	¥ 494.0	¥ 167.4	¥ (0.6)	¥ 17.3	¥ 146.3	¥ 163.6	¥ 30.1	¥ 12.9	¥ 50.9	¥ (11.0)	¥ 912.2

	Mizuho Bank (Consolidated)									Mizuho Trust & Banking (Consolidated)	Mizuho Securities (Consolidated)	Others	Mizuho Financial Group (Consolidated)
		Mizuho Bank (Non-consolidated)							Others				
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)	Inter-national Banking (f)	Trading and others (g)	(h)	(i)	(j)	(k)	Total
	(in billions of yen)													
Fiscal year ended March 31, 2014(1)(2)(3)(4)														
Gross profits (excluding the amounts of credit costs of trust														

accounts):														
Net interest income	¥ 933.8	¥ 800.1	¥ 165.0	¥ 59.8	¥ 170.2	¥ 77.9	¥ 30.7	¥ 128.9	¥ 167.6	¥ 133.7	¥ 40.2	¥ 2.9	¥ 131.4	¥ 1,108.3
Net noninterest income (expenses)	407.4	398.2	32.9	34.8	126.7	51.8	20.1	139.8	(7.9)	9.2	108.1	283.9	127.6	927.0
Total	1,341.2	1,198.3	197.9	94.6	296.9	129.7	50.8	268.7	159.7	142.9	148.3	286.8	259.0	2,035.3
General and administrative expenses (excluding non-recurring losses)	711.3	659.0	171.3	87.8	83.8	58.8	25.1	82.5	149.7	52.3	90.9	246.2	180.9	1,229.3
Others	(56.1)									(56.1)	(2.9)		(2.7)	(61.7)
Net business profits (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)	¥ 573.8	¥ 539.3	¥ 26.6	¥ 6.8	¥ 213.1	¥ 70.9	¥ 25.7	¥ 186.2	¥ 10.0	¥ 34.5	¥ 54.5	¥ 40.6	¥ 75.4	¥ 744.3

Notes:

(1) As for the fiscal year ended March 31, 2012, Others (h), Others (o) and Others (q) include elimination of transactions between consolidated subsidiaries. As for the fiscal year ended March 31, 2013, Others (g), Others (n) and Others (p) include elimination of transactions between consolidated subsidiaries. As for the fiscal year ended March 31, 2014, Others (h) and Others (k) include elimination of transactions between consolidated subsidiaries.

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

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

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

Mizuho Bank

On July 1, 2013, the merger between the former Mizuho Bank and the former Mizuho Corporate Bank came into effect with the former Mizuho Corporate Bank as the surviving entity, which was renamed Mizuho Bank upon the merger. The following table and comparison are based on the simple aggregation of the results of the former Mizuho Bank and the former Mizuho Corporate Bank with respect to periods prior to the merger.

	The former Mizuho Bank and the former Mizuho Corporate Bank (in billions of yen)							
	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)	Inter-national Banking (f)	Trading and others (g)	Total
Fiscal year ended March 31,2013[(1)(2)]:								
Gross profits (excluding the amounts of credit costs of trust accounts):								
Net interest income	¥ 219.2	¥ 83.3	¥ 155.8	¥ 106.6	¥ 36.2	¥ 108.2	¥ 206.2	¥ 915.5
Net noninterest income	33.9	42.3	122.6	70.9	24.2	104.7	248.5	647.1
Total	253.1	125.6	278.4	177.5	60.4	212.9	454.7	1,562.6
General and administrative expenses (excluding non-recurring losses)	218.6	113.7	88.4	74.5	26.5	66.6	177.2	765.5
Others								
Net business profits	¥ 34.5	¥ 11.9	¥ 190.0	¥ 103.0	¥ 33.9	¥ 146.3	¥ 277.5	¥ 797.1
Fiscal year ended March 31, 2014[(1)(2)]:								
Gross profits (excluding the amounts of credit costs of trust accounts):								
Net interest income	¥ 218.5	¥ 80.0	¥ 172.7	¥ 103.3	¥ 35.4	¥ 128.9	¥ 185.0	¥ 923.8
Net noninterest income	41.6	45.3	131.4	64.7	22.3	139.8	15.2	460.3
Total	260.1	125.3	304.1	168.0	57.7	268.7	200.2	1,384.1
General and administrative expenses (excluding non-recurring losses)	226.4	116.7	87.2	77.7	29.0	82.5	171.6	791.1
Others								
Net business profits	¥ 33.7	¥ 8.6	¥ 216.9	¥ 90.3	¥ 28.7	¥ 186.2	¥ 28.6	¥ 593.0

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Notes:

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

(2) Beginning on April 1, 2013, we moved to a new group operational structure and realigned the reportable segments to reflect the new organizational structure. In addition, new allocation methods have been applied to the calculation of Gross profits and General and administrative expenses. Figures for the fiscal year ended March 31, 2013 have been reclassified under the new allocation methods. Figures for the fiscal year ended March 31, 2013 prior to such change are as set forth in the table below. The narrative analysis under the heading Fiscal year ended March 31, 2013 compared to fiscal year ended March 31, 2012 below is based on figures prior to such change.

	The former Mizuho Bank and the former Mizuho Corporate Bank							
	Personal Banking (a)	**Retail Banking (b)**	**Corporate Banking (Large Corporations) (c)**	**Corporate Banking (d)**	**Financial Institution & Public Sector Business (e)**	**International Banking (f)**	**Trading and others (g)**	**Total**
	(in billions of yen)							
Fiscal year ended March 31, 2012[1]:								
Gross profits (excluding the amounts of credit costs of trust accounts):								
Net interest income	¥ 224.3	¥ 95.1	¥ 168.4	¥ 121.3	¥ 40.3	¥ 90.3	¥ 200.7	¥ 940.4
Net noninterest income	32.1	41.0	133.4	69.3	24.4	86.9	153.0	540.1
Total	256.4	136.1	301.8	190.6	64.7	177.2	353.7	1,480.5
General and administrative expenses (excluding non-recurring losses)	218.6	108.2	94.1	87.7	26.1	60.3	206.3	801.3
Others								
Net business profits	¥ 37.8	¥ 27.9	¥ 207.7	¥ 102.9	¥ 38.6	¥ 116.9	¥ 147.4	¥ 679.2
Fiscal year ended March 31, 2013[1]:								
Gross profits (excluding the amounts of credit costs of trust accounts):								
Net interest income	¥ 210.6	¥ 87.1	¥ 156.4	¥ 113.1	¥ 34.7	¥ 109.6	¥ 204.0	¥ 915.5
Net noninterest income	37.4	45.9	144.3	85.8	27.1	104.7	201.9	647.1
Total	248.0	133.0	300.7	198.9	61.8	214.3	405.9	1,562.6
General and administrative expenses (excluding non-recurring losses)	209.3	102.1	87.9	82.7	24.0	61.5	198.0	765.5
Others								
Net business profits	¥ 38.7	¥ 30.9	¥ 212.8	¥ 116.2	¥ 37.8	¥ 152.8	¥ 207.9	¥ 797.1

Note:

(1) Beginning the fiscal year ended March 31, 2013, with the implementation of the substantive one bank structure, new allocation methods among segments within the former Mizuho Corporate Bank were applied to the calculation of the respective Gross profits and General and administrative expenses. Figures for the fiscal year ended March 31, 2012 were reclassified under the new allocation methods.

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

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

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

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

Fiscal year ended March 31, 2013 compared to fiscal year ended March 31, 2012

Gross profits for the fiscal year ended March 31, 2013 were ¥1,562.6 billion, an increase of ¥82.1 billion, or 5.5%, compared to the fiscal year ended March 31, 2012. The increase was attributable mainly to an increase in income from trading and others as a result of flexible and timely asset-and-liability management operations that appropriately captured market trends in domestic and overseas financial markets, an increase in income mainly in Asia in international banking and an increase in noninterest income such as solution business-related income in corporate banking.

General and administrative expenses for the fiscal year ended March 31, 2013 decreased by ¥35.8 billion, or 4.5%, compared to the fiscal year ended March 31, 2012 to ¥765.5 billion due mainly to our group-wide cost reduction efforts offset in part by an increase in expenses related to overseas business resulting mainly from the depreciation of the yen.

As a result mainly of the foregoing, net business profits for the fiscal year ended March 31, 2013 increased by ¥117.9 billion, or 17.4%, compared to the fiscal year ended March 31, 2012 to ¥797.1 billion.

Mizuho Trust & Banking

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

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

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

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

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Fiscal year ended March 31, 2013 compared to fiscal year ended March 31, 2012

Gross profits for Mizuho Trust & Banking for the fiscal year ended March 31, 2013 were ¥144.5 billion, a decrease of ¥2.8 billion, or 1.9%, compared to the fiscal year ended March 31, 2012. The decrease was attributable mainly to a decrease in trading-related income. The decrease was offset in part by an increase in income from pension and asset management and real estate businesses.

General and administrative expenses for Mizuho Trust & Banking for the fiscal year ended March 31, 2013 decreased by ¥2.2 billion, or 2.4%, compared to the fiscal year ended March 31, 2012 to ¥90.1 billion. The decrease was due mainly to our group-wide cost reduction efforts, including our cost restructuring measures.

As a result mainly of the foregoing, net business profits for Mizuho Trust & Banking for the fiscal year ended March 31, 2013 decreased by ¥0.4 billion, or 0.8%, compared to the fiscal year ended March 31, 2012 to ¥50.9 billion.

Mizuho Securities

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

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

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

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

Fiscal year ended March 31, 2013 compared to fiscal year ended March 31, 2012

Gross profits for Mizuho Securities for the fiscal year ended March 31, 2013 were ¥227.2 billion, an increase of ¥83.6 billion, or 58.2%, compared to the fiscal year ended March 31, 2012. The increase was attributable mainly to an increase in fees and commissions and trading income reflecting the recovery in market conditions.

General and administrative expenses for Mizuho Securities for the fiscal year ended March 31, 2013 increased by ¥4.2 billion, or 2.2%, compared to the fiscal year ended March 31, 2012 to ¥197.1 billion. The increase was due mainly to the impact of the merger with Mizuho Investors Securities in January 2013 offset in part by our group-wide cost reduction efforts.

As a result mainly of the foregoing, net business profits for Mizuho Securities for the fiscal year ended March 31, 2013 was ¥30.1 billion, an improvement of ¥79.5 billion compared to the fiscal year ended March 31, 2012.

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Geographical Segment Analysis

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

	Japan	Americas	Europe (in billions of yen)	Asia/Oceania excluding Japan, and others	Total
Fiscal year ended March 31, 2012:					
Total revenue(1)	¥ 1,966	¥ 251	¥ 132	¥ 178	¥ 2,527
Total expenses(2)	1,561	104	103	96	1,864
Income before income tax expense	405	147	29	82	663
Net income	¥ 419	¥ 131	¥ 28	¥ 71	¥ 649
Total assets at end of fiscal year	¥ 124,444	¥ 25,369	¥ 8,868	¥ 7,681	¥ 166,362
Fiscal year ended March 31, 2013:					
Total revenue(1)	¥ 2,191	¥ 384	¥ 126	¥ 162	¥ 2,863
Total expenses(2)	1,669	141	48	120	1,978
Income before income tax expense	522	243	78	42	885
Net income	¥ 525	¥ 252	¥ 75	¥ 29	¥ 881
Total assets at end of fiscal year	¥ 126,769	¥ 31,169	¥ 10,591	¥ 10,218	¥ 178,747
Fiscal year ended March 31, 2014:					
Total revenue(1)	¥ 1,783	¥ 350	¥ 153	¥ 219	¥ 2,505
Total expenses(2)	1,397	145	96	141	1,779
Income before income tax expense	386	205	57	78	726
Net income	¥ 198	¥ 190	¥ 54	¥ 58	¥ 500
Total assets at end of fiscal year	¥ 124,558	¥ 27,528	¥ 10,784	¥ 12,829	¥ 175,699

Notes:

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

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

In the fiscal year ended March 31, 2014, 39.6% of our net income was derived from Japan, 38.0% from the Americas, 10.8% from Europe and 11.6% from Asia/Oceania excluding Japan, and others. At March 31, 2014, 70.9% of total assets were allocated to Japan, 15.7% to the Americas, 6.1% to Europe and 7.3% to Asia/Oceania excluding Japan, and others.

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

In the Americas, total revenue decreased by ¥34 billion due primarily to decreases in trading account gains net and investment gains net, offset in part by an increase in interest income from loans. The decrease in trading account gains net was due mainly to a decrease in gains recorded by consolidated VIEs. The decrease in investment gains was due mainly to a decrease in gains on sales of equity securities which had been held by our consolidated investment company. The increase in interest income from loans was due to increases in the average balance. Total expenses increased by ¥4 billion due primarily to increases in salaries and employee benefits, general and administrative expenses and fees and commission expenses, offset in part by a decrease in interest expense on short-term borrowings. As a result, net income in the Americas decreased by ¥62 billion. Total assets in the Americas decreased by ¥3,641 billion due primarily to a decrease in trading account assets.

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

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

Fiscal Year Ended March 31, 2013 Compared to Fiscal Year Ended March 31, 2012

In the fiscal year ended March 31, 2013, 59.6% of our net income was derived from Japan, 28.6% from the Americas, 8.5% from Europe and 3.3% from Asia/Oceania excluding Japan, and others. At March 31, 2013, 70.9% of total assets were allocated to Japan, 17.5% to the Americas, 5.9% to Europe and 5.7% to Asia/Oceania excluding Japan, and others.

In Japan, total revenue increased by ¥225 billion from the previous fiscal year due mainly to the change from investment losses net in the previous fiscal year to investment gains net in the fiscal year ended March 31, 2013 and an increase in trading account gains net, offset in part by a decrease in interest and dividend income. The change in investment gains (losses) net was due mainly to investment gains related to equity securities in the fiscal year ended March 31, 2013 compared to investment losses related to equity securities in the previous fiscal year and an increase in investment gains related to bonds. The change in investment gains (losses) related to equity securities was due mainly to an increase in gains on sales of equity securities as a result of an upturn in domestic stock market conditions. The increase in investment gains related to bonds was due mainly to an increase in gains related to sales of Japanese government bonds as a result of declining yen interest rates. The increase in trading account gains net was due mainly to an increase in trading account gains earned by our securities subsidiary related to bonds reflecting a decline in yen interest rate levels and related to domestic equity securities reflecting an upturn in domestic market conditions. The decrease in

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interest and dividend income was due mainly to a decrease in interest income from domestic loans, which in turn was due mainly to a decrease in the average yield, reflecting a decline in yen interest rate levels, and a decrease in the average balance. Total expenses increased by ¥108 billion from the previous fiscal year due to an increase in provision for loan losses, offset in part by a decrease in noninterest expenses. The increase in provision for loan losses was due primarily to an increase in allowance for loan losses on non-impaired loans. The decrease in noninterest expenses was due mainly to decreases in general and administrative expenses and salaries and employee benefits. The decrease in general and administrative expenses was due mainly to our continuous group-wide cost reduction efforts and the decrease in salaries and employee benefits was due mainly to the effect of decreased employee retirement benefit expenses. In addition, income tax benefit decreased by ¥11 billion from the previous fiscal year due mainly to an increase in current income tax expense. As a result, net income in Japan increased by ¥106 billion. Total assets in Japan increased by ¥2,325 billion due primarily to an increase in interest-bearing deposits in other banks, offset in part by decreases in investments and trading account assets.

In the Americas, total revenue increased by ¥133 billion due primarily to increases in trading account gains net and interest and dividend income. The increase in trading account gains net was due mainly to an increase in gains recorded by consolidated VIEs as a result of an improvement in market conditions and an increase in gains related to change in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. The increase in interest and dividend income was due mainly to an increase in interest income on receivables under resale agreements of our securities subsidiary in the United States. Total expenses increased by ¥37 billion due primarily to increases in interest expense on payables under repurchase agreements of our securities subsidiary in the United States and salaries and employee benefits. As a result, net income in the Americas increased by ¥121 billion. Total assets in the Americas increased by ¥5,800 billion due primarily to increases in trading account assets and loans.

In Europe, total revenue decreased by ¥6 billion due primarily to a decrease in interest income on receivables under resale agreements. Total expenses decreased by ¥55 billion due mainly to a decrease in provision for loan losses. As a result, net income in Europe increased by ¥47 billion. Total assets in Europe increased by ¥1,723 billion due primarily to increases in trading account assets and loans.

In Asia/Oceania excluding Japan, and others, total revenue decreased by ¥16 billion due primarily to a decrease in other noninterest income, offset in part by an increase in interest from loans, which in turn was due mainly to an increase in the average balance. The decrease in other noninterest income was due mainly to a decrease in foreign exchange gains (losses) net. Total expenses increased by ¥24 billion due mainly to increases in provision for loan losses and salaries and employee benefits. As a result, net income in Asia/Oceania excluding Japan, and others decreased by ¥42 billion. Total assets in Asia/Oceania excluding Japan, and others increased by ¥2,537 billion due primarily to increases in loans and investments.

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Financial Condition

Assets

Our assets as of March 31, 2013 and 2014 were as follows:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
Cash and due from banks	¥ 1,268	¥ 1,697	¥ 429
Interest-bearing deposits in other banks	11,216	19,037	7,821
Call loans and funds sold	531	468	(63)
Receivables under resale agreements	9,025	8,349	(676)
Receivables under securities borrowing transactions	5,544	5,011	(533)
Trading account assets	34,067	27,408	(6,659)
Investments	43,252	35,482	(7,770)
Loans	69,833	73,485	3,652
Allowance for loan losses	(773)	(626)	147
Loans, net of allowance	69,060	72,859	3,799
Premises and equipment net	1,092	1,357	265
Due from customers on acceptances	102	92	(10)
Accrued income	276	264	(12)
Goodwill	6	12	6
Intangible assets	64	59	(5)
Deferred tax assets	642	405	(237)
Other assets	2,602	3,199	597
Total assets	¥ 178,747	¥ 175,699	¥ (3,048)

Total assets decreased by ¥3,048 billion from March 31, 2013 to ¥175,699 billion as of March 31, 2014. This decrease was due mainly to a decrease of ¥7,770 billion in investments, primarily Japanese government bonds, and a decrease of ¥6,659 billion in trading account assets, primarily derivative contracts and U.S. Treasury bonds, offset in part by an increase of ¥7,821 billion in interest-bearing deposits in other banks, primarily those in the Bank of Japan, and an increase of ¥3,799 billion in loans, net of allowance.

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Loans

Loans Outstanding

The following table shows our loans outstanding as of March 31, 2013 and 2014:

	As of March 31, 2013		As of March 31, 2014		Increase (decrease)	
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 8,079	11.5%	¥ 8,026	10.9%	¥ (53)	(0.6)%
Construction and real estate	7,478	10.7	7,205	9.8	(273)	(0.9)
Services	3,972	5.7	3,957	5.4	(15)	(0.3)
Wholesale and retail	5,356	7.6	5,351	7.3	(5)	(0.3)
Transportation and communications	3,147	4.5	3,247	4.4	100	(0.1)
Banks and other financial institutions	3,143	4.5	3,460	4.7	317	0.2
Government and public institutions	6,907	9.9	6,734	9.1	(173)	(0.8)
Other industries(1)	4,522	6.5	4,983	6.8	461	0.3
Individuals	11,976	17.1	11,975	16.2	(1)	(0.9)
Mortgage loans	11,234	16.1	11,187	15.2	(47)	(0.9)
Other	742	1.0	788	1.0	46	0.0
Total domestic	54,580	78.0	54,938	74.6	358	(3.4)
Foreign:						
Commercial and industrial	10,481	15.0	12,938	17.6	2,457	2.6
Banks and other financial institutions	4,089	5.8	4,610	6.3	521	0.5
Government and public institutions	596	0.9	883	1.2	287	0.3
Other(1)	199	0.3	255	0.3	56	0.0
Total foreign	15,365	22.0	18,686	25.4	3,321	3.4
Subtotal	69,945	100.0%	73,624	100.0%	3,679	
Less: Unearned income and deferred loan fees net	(112)		(139)		(27)	
Total loans before allowance for loan losses	¥ 69,833		¥ 73,485		¥ 3,652	

Note:

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

Total loans before allowance for loan losses increased by ¥3,652 billion from March 31, 2013 to ¥73,485 billion as of March 31, 2014. Loans to domestic borrowers increased by ¥358 billion to ¥54,938 billion due mainly to increases in loans to other industries, including loans to utility industry and those relating to consolidated variable interest entities, and banks and other financial institutions. The increases were offset in part by decreases in loans to construction and real estate, and government and public institutions.

Loans to foreign borrowers increased by ¥3,321 billion from March 31, 2013 to ¥18,686 billion as of March 31, 2014. The increase in loans to foreign borrowers was due mainly to increases in loans to commercial and industrial, mainly in Asia, and a roughly equal effect of the translation impact of the depreciation of the yen against other major currencies.

Within our loan portfolio, the proportion of loans to domestic borrowers against gross total loans decreased from 78.0% to 74.6% while that of loans to foreign borrowers against gross total loans increased from 22.0% to 25.4%.

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Impaired Loans

General

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

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

Note:

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

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

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

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

Loan modifications

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

We determine whether restructured loans other than troubled debt restructurings are impaired loans based on the application of our internal rating system as we do generally with respect to all obligors. We determine whether restructured loans are past due or current by comparing the obligors payments with the modified contract terms. The effect of the restructuring on the obligors is considered in developing the allowance based on the restructuring s effect on the estimation of future cash flows of such loans. At March 31, 2014, the balance of restructurings that are troubled debt restructurings was ¥631 billion, and the balance of restructurings that are not troubled debt restructurings was ¥186 billion. Also, the amount of charge-offs recorded as a result of troubled debt restructurings that were made during the fiscal year ended March 31, 2014 was ¥1 billion.

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

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Balance of impaired loans

The following table shows our impaired loans as of March 31, 2013 and 2014 based on classifications by domicile and industry segment:

	As of March 31,					
	2013		2014		Increase (decrease)	
	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 336	4.2%	¥ 229	2.9%	¥ (107)	(1.3)%
Construction and real estate	249	3.3	138	1.9	(111)	(1.4)
Services	90	2.3	79	2.0	(11)	(0.3)
Wholesale and retail	173	3.2	156	2.9	(17)	(0.3)
Transportation and communications	59	1.9	48	1.5	(11)	(0.4)
Banks and other financial institutions	14	0.4	11	0.3	(3)	(0.1)
Other industries	5	0.0	1	0.0	(4)	0.0
Individuals	235	2.0	195	1.6	(40)	(0.4)
Total domestic	1,161	2.1	857	1.6	(304)	(0.5)
Foreign	303	2.0	288	1.5	(15)	(0.5)
Total impaired loans	¥ 1,464	2.1	¥ 1,145	1.6	¥ (319)	(0.5)

Impaired loans decreased by ¥319 billion, or 21.8%, from March 31, 2013 to ¥1,145 billion as of March 31, 2014. Impaired loans to domestic borrowers decreased by ¥304 billion due primarily to decreases in manufacturing and construction and real estate as a result of upgrades and collections related to some borrowers. Impaired loans to foreign borrowers decreased by ¥15 billion, attributable to declines in almost all regions.

Reflecting the aforementioned change, the percentage of impaired loans within gross total loans decreased from 2.1% as of March 31, 2013 to 1.6% as of March 31, 2014. The percentage of impaired loans net of allowance to gross total loans net of allowance decreased from 1.00% as of March 31, 2013 to 0.71% as of March 31, 2014 due to a decrease in impaired loans net of allowance and an increase in gross total loans net of allowance.

Allowance for Loan Losses

Calculation of allowance for loan losses

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

Normal and watch obligors	A formula allowance is calculated separately for obligors with small balance, homogeneous loans and for each credit rating category of corporate obligors by multiplying the loan balance with the applicable default ratio (based on internal historical data as well as data provided by third-party credit rating agencies) and the applicable average impairment ratio on defaulted loans (based on internal historical data).
Special attention obligors	The allowance for special attention obligors is generally calculated individually based on the present value of expected future cash flows discounted at the loan s initial effective interest rate. A formula

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

Balance of allowance for loan losses

The following table summarizes the allowance for loan losses by component and as a percentage of the corresponding loan balance as of March 31, 2013 and 2014:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen, except percentages)		
Allowance for loan losses on impaired loans[1] (A)	¥ 406	¥ 323	¥ (83)
Allowance for loan losses on non-impaired loans (B)	367	303	(64)
Total allowance for loan losses (C)	773	626	(147)
Impaired loans requiring an allowance for loan losses (D)	1,242	958	(284)
Impaired loans not requiring an allowance for loan losses (E)	222	187	(35)
Non-impaired loans[2] (F)	68,481	72,479	3,998
Gross total loans (G)	¥ 69,945	¥ 73,624	¥ 3,679
Percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance (A)/(D)x100	32.71%	33.72%	1.01%
Percentage of allowance for loan losses on non-impaired loans against the balance of non-impaired loans (B)/(F)x100	0.54	0.42	(0.12)
Percentage of total allowance for loan losses against gross total loans (C)/(G)x100	1.11	0.85	(0.26)

Notes:

(1) The allowance for loan losses on impaired loans includes those for groups of small balance, homogeneous loans totaling ¥505 billion and ¥425 billion as of March 31, 2013 and 2014 which were collectively evaluated for impairment, in addition to those that were individually evaluated for impairment.

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

Allowance for loan losses decreased by ¥147 billion from March 31, 2013 to ¥626 billion as of March 31, 2014. This decrease was due to a decrease of ¥83 billion in the allowance for loan losses on impaired loans as a result of a decrease in domestic impaired loans requiring an allowance for loan losses, and a decrease of

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¥64 billion in the allowance for loan losses on non-impaired loans. The allowance for loan losses on non-impaired loans decreased due primarily to upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy as described in Overview Operating Environment. As a result, the percentage of total allowance for loan losses against gross total loans decreased by 0.26% to 0.85%, and the percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance increased by 1.01% to 33.72%.

The primary factors behind the gap between the 19.0% decrease in allowance for loan losses and the 5.3% increase in the balance of gross total loans in the fiscal year ended March 31, 2014 compared to the previous fiscal year consisted mainly of the increase in the balance of non-impaired loans and the decrease in allowance for loan losses both on impaired loans and non-impaired loans due to improvements in our loan portfolio.

In the fiscal year ended March 31, 2014, impaired loans decreased by 21.8% due mainly to a decrease in domestic impaired loans. Allowance for loan losses on impaired loans decreased by 20.5%.

The coverage ratio for impaired loans increased by 1.9% as of March 31, 2014 compared to the previous fiscal year. This was due to how the percentage decrease in the amount of impaired loans was greater than the percentage decrease of allowance for loan losses.

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Provision (credit) for loan losses

The following table summarizes changes in our allowance for loan losses, including a breakdown of charge-offs and recoveries by domicile and industry segment, in the fiscal years ended March 31, 2013 and 2014:

	Fiscal years ended March 31, 2013	2014	Increase (decrease)
	(in billions of yen)		
Allowance for loan losses at beginning of fiscal year	¥ 683	¥ 773	¥ 90
Provision (credit) for loan losses	140	(126)	(266)
Charge-offs:			
Domestic:			
Manufacturing	25	20	(5)
Construction and real estate	5	1	(4)
Services	10	3	(7)
Wholesale and retail	11	13	2
Transportation and communications	2	7	5
Individuals	17	13	(4)
Total domestic charge-offs	70	57	(13)
Foreign	25	8	(17)
Total charge-offs	95	65	(30)
Recoveries:			
Domestic:			
Manufacturing	4	6	2
Construction and real estate	8	5	(3)
Services	3	3	
Wholesale and retail	3	3	
Transportation and communications	1	3	2
Banks and other financial institutions	1		(1)
Other industries		1	1
Individuals	4	3	(1)
Total domestic recoveries	24	24	
Foreign	8	2	(6)
Total recoveries	32	26	(6)
Net charge-offs	63	39	(24)
Others[1]	13	18	5
Balance at end of fiscal year	¥ 773	¥ 626	¥ (147)

Note:

(1) Others include primarily foreign exchange translation.

We recorded a credit for loan losses of ¥126 billion in the fiscal year ended March 31, 2014 compared to a provision for loan losses of ¥140 billion in the fiscal year ended March 31, 2013. The change was due primarily to a decrease in allowance for loan losses on domestic impaired loans as a result of upgrades and collections related to some borrowers and allowance for loan losses on non-impaired loans reflecting upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy as described in Overview Operating Environment.

Charge-offs decreased by ¥30 billion from the previous fiscal year to ¥65 billion for the fiscal year ended March 31, 2014, reflecting decreases in charge-offs of foreign loans and domestic loans. Recoveries decreased by ¥6 billion from the previous fiscal year to ¥26 billion in the fiscal year ended March 31, 2014, reflecting a decrease in recoveries on foreign loans.

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Investments

The majority of our investments are available-for-sale securities, which at March 31, 2013 and 2014 were as follows:

	As of March 31,								
	2013			2014			Increase (decrease)		
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)
	(in billions of yen)								
Available-for-sale securities:									
Debt securities	¥ 36,127	¥ 36,275	¥ 148	¥ 27,167	¥ 27,227	¥ 60	¥ (8,960)	¥ (9,048)	¥ (88)
Japanese government bonds	30,710	30,783	73	22,040	22,056	16	(8,670)	(8,727)	(57)
Other than Japanese government bonds	5,417	5,492	75	5,127	5,171	44	(290)	(321)	(31)
Equity securities (marketable)	1,699	3,139	1,440	1,668	3,422	1,754	(31)	283	314
Total	¥ 37,826	¥ 39,414	¥ 1,588	¥ 28,835	¥ 30,649	¥ 1,814	¥ (8,991)	¥ (8,765)	¥ 226

Available-for-sale securities decreased by ¥8,765 billion from March 31, 2013 to ¥30,649 billion at March 31, 2014. This decrease was due primarily to a decrease in Japanese government bonds due to the sales and redemptions as a result of risk management of our bond portfolio. See note 3 to our consolidated financial statements included elsewhere in this annual report for details of other investments included within investments.

Cash and Due from Banks

Cash and due from banks increased by ¥429 billion from March 31, 2013 to ¥1,697 billion at March 31, 2014. The increase was due to net cash provided by operating activities of ¥5,951 billion and net cash provided by investing activities of ¥417 billion offset in part by net cash used in financing activities of ¥5,972 billion.

Liabilities

The following table shows our liabilities as of March 31, 2013 and 2014:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
Deposits	¥ 100,222	¥ 102,610	¥ 2,388
Due to trust accounts	619	742	123
Call money and funds purchased	6,127	7,195	1,068
Payables under repurchase agreements	17,451	16,798	(653)
Payables under securities lending transactions	11,496	6,266	(5,230)
Other short-term borrowings	6,724	6,024	(700)
Trading account liabilities	16,769	14,825	(1,944)
Bank acceptances outstanding	102	92	(10)
Income taxes payable	38	57	19
Deferred tax liabilities	14	33	19
Accrued expenses	159	160	1
Long-term debt	8,802	9,854	1,052
Other liabilities	4,367	4,422	55
Total liabilities	¥ 172,890	¥ 169,078	¥ (3,812)

Total liabilities decreased by ¥3,812 billion from March 31, 2013 to ¥169,078 billion at March 31, 2014. This decrease was due primarily to a decrease of ¥5,392 billion in short-term borrowings and a decrease of

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¥1,944 billion in trading account liabilities, primarily derivative contracts, offset in part by an increase of ¥2,388 billion in deposits and an increase of ¥1,052 billion in long-term debt. Short-term borrowings include due to trust accounts, call money and funds purchased, payables under repurchase agreements, payables under securities lending transactions and other short-term borrowings.

Deposits

The following table shows a breakdown of our deposits as of March 31, 2013 and 2014:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
Domestic:			
Noninterest-bearing deposits	¥ 12,139	¥ 12,751	¥ 612
Interest-bearing deposits	74,218	73,115	(1,103)
Total domestic deposits	86,357	85,866	(491)
Foreign:			
Noninterest-bearing deposits	836	1,115	279
Interest-bearing deposits	13,029	15,629	2,600
Total foreign deposits	13,865	16,744	2,879
Total deposits	¥ 100,222	¥ 102,610	¥ 2,388

Deposits increased by ¥2,388 billion from March 31, 2013 to ¥102,610 billion at March 31, 2014. Domestic deposits decreased by ¥491 billion from March 31, 2013 to ¥85,866 billion at March 31, 2014. Domestic noninterest-bearing deposits, mainly from Japanese companies, increased by ¥612 billion to ¥12,751 billion at March 31, 2014, and interest-bearing deposits, mainly from individuals, decreased by ¥1,103 billion from March 31, 2013 to ¥73,115 billion at March 31, 2014. The decrease of domestic interest-bearing deposits was due mainly to a decrease in certificates of deposit. Foreign deposits increased by ¥2,879 billion from March 31, 2013 to ¥16,744 billion due mainly to the translation impact of the depreciation of the yen against other major currencies.

Short-term Borrowings

The following table shows a breakdown of our short-term borrowings as of March 31, 2013 and 2014:

	As of March 31, 2013			As of March 31, 2014			Increase (decrease)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in billions of yen)								
Due to trust accounts	¥ 619	¥	¥ 619	¥ 742	¥	¥ 742	¥ 123	¥	¥ 123
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions	18,222	16,852	35,074	13,680	16,579	30,259	(4,542)	(273)	(4,815)
Other short-term borrowings	6,544	180	6,724	5,757	267	6,024	(787)	87	(700)
Total short-term borrowings	¥ 25,385	¥ 17,032	¥ 42,417	¥ 20,179	¥ 16,846	¥ 37,025	¥ (5,206)	¥ (186)	¥ (5,392)

Short-term borrowings decreased by ¥5,392 billion from March 31, 2013 to ¥37,025 billion at March 31, 2014. Domestic short-term borrowings decreased by ¥5,206 billion due mainly to a decrease in payables under securities lending transactions and other short-term borrowings. Foreign short-term borrowings decreased by ¥186 billion due mainly to a decrease in payables under repurchase agreements.

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Equity

The following table shows a breakdown of equity as of March 31, 2013 and 2014:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
MHFG shareholders equity:			
Preferred stock	¥ 377	¥ 313	¥ (64)
Common stock	5,461	5,489	28
Accumulated deficit	(883)	(538)	345
Accumulated other comprehensive income, net of tax	778	1,118	340
Treasury stock, at cost	(5)	(4)	1
Total MHFG shareholders equity	5,728	6,378	650
Noncontrolling interests	129	243	114
Total equity	¥ 5,857	¥ 6,621	¥ 764

Equity increased by ¥764 billion from March 31, 2013 to ¥6,621 billion due mainly to a decrease in accumulated deficit and an increase in accumulated other comprehensive income, net of tax.

Preferred stock decreased by ¥64 billion from March 31, 2013 to ¥313 billion at March 31, 2014 as a result of the cancellation of the thirteenth series class XIII preferred stock of ¥37 billion and the conversion of preferred stock to common stock of ¥27 billion.

Common stock increased by ¥28 billion from March 31, 2013 to ¥5,489 billion at March 31, 2014 primarily as a result of the issuance of new shares of common stock related to the conversion of preferred stock to common stock.

Accumulated deficit decreased by ¥345 billion from March 31, 2013 to ¥538 billion at March 31, 2014. This decrease was due to net income attributable to MHFG shareholders for the fiscal year ended March 31, 2014 of ¥498 billion offset in part by dividend payments of ¥152 billion.

Accumulated other comprehensive income, net of tax increased by ¥340 billion from March 31, 2013 to ¥1,118 billion at March 31, 2014 due to an improvement in pension liability adjustments of ¥136 billion, an increase in unrealized net gains on available-for-sale securities of ¥128 billion and an improvement in foreign currency translation adjustments of ¥76 billion.

Treasury stock, at cost, decreased by ¥1 billion from March 31, 2013 to ¥4 billion at March 31, 2014. This decrease was due to cancellation and disposal of treasury stock, offset in part by purchases of treasury stock.

Noncontrolling interests increased by ¥114 billion from March 31, 2013 to ¥243 billion at March 31, 2014.

Liquidity

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

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Deposits, based on our broad customer base and brand recognition in Japan, have been our primary source of liquidity. Our total deposits increased by ¥2,388 billion, or 2.4%, from the end of the previous fiscal year to ¥102,610 billion as of March 31, 2014. Our average balance of deposits for the fiscal year ended March 31, 2014 of ¥101,384 billion exceeded our average balance of loans for the same period by ¥29,734 billion. We invested the excess portion primarily in marketable securities and other high liquidity assets.

Secondary sources of liquidity include short-term borrowings such as call money and funds purchased and payables under repurchase agreement. We also issue long-term debt, including both senior and subordinated debt, as additional sources for liquidity. We utilize short-term borrowings to diversify our funding sources and to manage our funding costs. We raise subordinated long-term debt for the purpose of improving our capital adequacy ratios, which also enhances our liquidity profile. We believe we are able to access such sources of liquidity on a stable and flexible basis based on our current credit ratings. The following table shows credit ratings assigned to our principal banking subsidiaries by S&P and Moody s as of June 30, 2014:

	As of June 30, 2014					
	S&P			Moody s		
	Long-term	Short-term	Stand-alone credit profile	Long-term	Short-term	Financial strength
Mizuho Bank	A+[(1)]	A-1	a	A1	P-1	C-
Mizuho Trust & Banking	A+[(1)]	A-1	a	A1	P-1	C-

Note:

(1) Negative outlook.

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

In order to maintain an appropriate level of liquidity, our principal banking subsidiaries hold highly liquid investment assets such as Japanese government bonds as liquidity reserve assets. We monitor the amount of liquidity reserve assets and report such amount to the monthly ALM & market risk management committee. Minimum regulatory reserve amounts, or the reserve amount deposited with the Bank of Japan pursuant to applicable regulations that is calculated as a specified percentage of the amount of deposits held by our principal banking subsidiaries, are excluded in connection with our management of liquidity reserve asset levels. We established and apply classifications for the cash flow conditions affecting the group, including the amount of liquidity reserve assets, that range from normal to cause for concern and critical categories, and take appropriate actions based on such conditions. As of March 31, 2014, the balance of Japanese government bonds included within our investments was ¥22.1 trillion (excluding held-to-maturity securities), and a majority of this amount, which has historically not fluctuated significantly over the course of a fiscal year, was classified as the principal component of liquidity reserve assets.

Capital Adequacy

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

Regulatory Capital Requirements

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

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

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

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

Under the first pillar, the capital ratio is calculated by dividing regulatory capital, or risk-based capital, by risk-weighted assets. With respect to the calculation of risk-weighted assets, we adopt the advanced internal ratings-based approach. Under such approach, balance sheet assets and off-balance sheet exposures, calculated under Japanese GAAP, are assessed in terms of credit risk according to risk components such as probability of default and loss given default, which are derived from our own internal credit experience. In addition to credit risk, banks are required to measure and apply capital charges with respect to their market risks. Market risk is defined as the risk of losses in on- and off-balance-sheet positions arising from movements in market prices. Operational risk, which was introduced under Basel II with respect to regulatory capital requirements, is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. We adopt the advanced measurement approach for the measurement of operational risk equivalent by taking account of the following four elements: internal loss data; external loss data; scenario analysis; and business environment and internal control factors. Under Basel III, the calculation method of risk-weighted assets was revised, including modification to the treatment of counterparty credit risk, such as a capital charge for credit valuation adjustment risk.

With regard to risk-based capital, the guidelines based on Basel III set out higher and better-quality capital standards compared to those under Basel II. The guidelines based on Basel III require a target minimum standard capital adequacy ratio of 8%, Tier 1 capital ratio of 6% (phased in at 4.5% in 2013 and 5.5% in 2014) and Common Equity Tier 1 capital ratio of 4.5% (phased in at 3.5% in 2013 and 4.0% in 2014), on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Bank and Mizuho Trust & Banking, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group.

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

The minimum requirement for Common Equity Tier 1 capital will be raised in phases from 3.5% of risk-weighted assets in March 2013 to 4.5% when fully effective in March 2015. Thereafter, a capital conservation buffer, to be met with Common Equity Tier 1 capital, is expected to be phased in beginning March 2016 at 0.625% until becoming fully effective in March 2019 at 2.5%, although the capital adequacy guidelines related to the capital conservation buffer have not yet been published by the Financial Services Agency. Thus the Common Equity Tier 1 capital requirement, including capital conservation buffer, is expected to be 7.0% beginning March 2019. In addition, subject to national discretion by the respective regulatory authorities, a countercyclical buffer ranging from 0% to 2.5%, consisting of Common Equity Tier 1 capital or other fully loss absorbing capital, would also be imposed on banking organizations through an extension of the capital conservation buffer when the relevant national authority judges a period of excess credit growth to be leading to the build-up of system-wide risk. The countercyclical buffer for internationally active banks will be a weighted average of the buffers deployed across all the jurisdictions to which it has credit exposures. Moreover, capital instruments that will no longer qualify as Additional Tier 1 capital or Tier 2 capital under Basel III is being phased out beginning March 2013 by increments of 10% until becoming fully effective in March 2022. Our existing preferred stock and preferred securities (the amounts thereof included within Additional Tier 1 capital as of March 31, 2014 being ¥1,666.5 billion) and our existing subordinated debt issued before March 2013 (the amounts thereof included within Tier 2 capital as of March 31, 2014 being ¥1,349.6 billion) are subject to the phase-out arrangements.

In November 2011, the Financial Stability Board announced policy measures to address systemically important financial institutions (SIFIs), which were endorsed by the G20 Leaders at the Cannes summit. The policy measures include requirements for globally systemically important banks (G-SIBs) to have additional loss absorption capacity tailored to the impact of their default, ranging from 1% to 2.5% of risk-weighted assets, to be met with Common Equity Tier 1 capital, which would be in addition to the 7.0% Common Equity Tier 1 capital requirement (including capital conservation buffer). The additional loss absorbency requirements will initially apply to G-SIBs identified in November 2014. The requirements will be phased in starting in January 2016 with full implementation by January 2019. Also in November 2011, the Financial Stability Board identified an initial group of G-SIFIs, namely 29 G-SIBs, including us, using a methodology developed by the Basel Committee on Banking Supervision, and announced that the group of G-SIFIs will be updated annually and published by the Financial Stability Board each November. In November 2012 and November 2013, the list of G-SIBs was updated and it showed the allocation to buckets corresponding to their required level of additional loss absorbency. We were included in the lists and were allocated to the bucket that would require 1.0% of additional loss absorbency.

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

- Goodwill and other intangibles

- Deferred tax assets

- Deferred gains or losses on derivatives under hedge accounting that relates to the hedging of items that are not fair valued on the balance sheet

- Shortfall of the stock of provisions to expected losses under the internal ratings-based approach

Gain on sale related to securitization transactions

Cumulative gains and losses due to changes in own credit risk on fair valued financial liabilities

Defined benefit pension fund assets and liabilities

Treasury stock

Reciprocal cross holdings of capital of banking, financial and insurance entities

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

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

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

Note:

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

Japanese banks are also required to comply with the supervisory review process (second pillar) and disclosure requirements for market discipline (third pillar). Under the second pillar, banks are required to maintain adequate capital to support all of the major risks in their business and are encouraged to develop and use better risk management techniques in monitoring and managing such risks. Under the third pillar, banks are required to enhance disclosure, including disclosure of details of the capital adequacy ratio, the amount of each type of risk and the method of calculation used so that the market may make more effective evaluations. Further, the revisions to the Financial Services Agency s guidelines relating to the third pillar, which reflect the enhanced disclosure requirements under Basel III and became effective on March 31, 2013, require banks to disclose, among other things, the components of their regulatory capital and the main features of their regulatory capital instruments in common templates.

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

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

Consolidated Capital Adequacy Ratios

Our capital adequacy ratios as of March 31, 2013 and 2014, calculated in accordance with Japanese GAAP and guidelines established by the Financial Services Agency, were as set forth in the following table:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen, except percentages)		
Common Equity Tier 1 capital	¥ 4,803.8	¥ 5,304.4	¥ 500.5
Additional Tier 1 capital	1,683.6	1,540.3	(143.3)
Tier 1 capital	6,487.4	6,844.7	357.2
Tier 2 capital	1,857.0	1,811.2	(45.8)
Total capital	¥ 8,344.5	¥ 8,655.9	¥ 311.4
Risk-weighted assets	¥ 58,823.5	¥ 60,287.4	¥ 1,463.8
Common Equity Tier 1 capital ratio	8.16%	8.79%	0.63%
Required Common Equity Tier 1 capital ratio	3.50	4.00	0.50
Tier 1 capital ratio	11.02	11.35	0.33
Required Tier 1 capital ratio	4.50	5.50	1.00
Total capital ratio	14.18	14.35	0.17
Required total capital ratio	8.00	8.00	

Our total capital ratio as of March 31, 2014 was 14.35%, an increase of 0.17% compared to March 31, 2013. Our Tier 1 capital ratio as of March 31, 2014 was 11.35%, an increase of 0.33% compared to March 31, 2013. Our Common Equity Tier 1 capital ratio as of March 31, 2014 was 8.79%, an increase of 0.63% compared to March 31, 2013. The increases in each ratio were due mainly to an increase in Common Equity Tier 1 capital, offset in part by a decrease in Additional Tier 1 capital and by an increase in risk-weighted assets. We believe that we were in compliance with all capital adequacy requirements to which we were subject as of March 31, 2014.

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Capital

The following table shows a breakdown of our total risk-based capital as of March 31, 2013 and 2014:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
Common Equity Tier 1 capital	¥ 4,803.8	¥ 5,304.4	¥ 500.5
Capital and stock surplus	2,987.1	3,051.8	64.7
Retained earnings	1,814.3	2,314.7	500.4
Treasury stock	(4.6)	(3.8)	0.7
Earnings to be distributed	(76.3)	(88.0)	(11.6)
Subscription rights to common shares	2.6	3.1	0.4
Accumulated other comprehensive income and other disclosed reserves		156.2	156.2
Common share capital issued by subsidiaries and held by third parties	11.0	10.8	(0.1)
Instruments and reserves subject to phase-out arrangements	69.6	61.5	(8.0)
Regulatory adjustments		(202.1)	(202.1)
Additional Tier 1 capital(1)(2)(3)	1,683.6	1,540.3	(143.3)
Additional Tier 1 instruments issued by subsidiaries and held by third parties	12.0	25.3	13.3
Eligible Tier 1 capital instruments subject to phase-out arrangements(1)(2)(3)	1,874.8	1,666.5	(208.3)
Instruments subject to phase-out arrangements	(90.3)	(50.8)	39.5
Regulatory adjustments	(112.9)	(100.7)	12.1
Tier 1 capital(1)(2)(3)	6,487.4	6,844.7	357.2
Tier 2 capital	1,857.0	1,811.2	(45.8)
Tier 2 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities		154.3	154.3
Tier 2 instruments issued by subsidiaries and held by third parties	3.9	8.1	4.2
Eligible Tier 2 capital instruments subject to phase-out arrangements	1,518.3	1,349.6	(168.7)
General allowance for loan losses and eligible provisions included in Tier 2	5.0	7.0	1.9
Instruments and provisions subject to phase-out arrangements	503.1	474.0	(29.1)
Regulatory adjustments	(173.4)	(182.0)	(8.5)
Total capital(1)(2)(3)	¥ 8,344.5	¥ 8,655.9	¥ 311.4

Notes:

(1) As of March 31, 2014, the outstanding balance of our eleventh series class XI preferred stock was ¥312.6 billion. During the period from April 1, 2014 to June 30, 2014, holders of the preferred stock converted 1,900,000 shares (or ¥1.9 billion) by requesting us to acquire the preferred stock and issue common stock to them.

(2) On July 11, 2013, we acquired and subsequently cancelled all ¥36.9 billion of the thirteenth series class XIII preferred stock.

(3) In June 2014, we redeemed $850.0 million and ¥139.5 billion of non-dilutive preferred securities. The redemption itself may not necessarily cause a reduction in Tier 1 capital or total capital due to the effect of phase-out arrangements.

Our Common Equity Tier 1 capital increased by ¥500.5 billion from ¥4,803.8 billion as of March 31, 2013 to ¥5,304.4 billion as of March 31, 2014. The increase was due mainly to an increase in retained earnings as a result of recording net income for the fiscal year ended March 31, 2014 and to the recording of accumulated other comprehensive income as of March 31, 2014, offset in part by the application of regulatory adjustments as of March 31, 2014. Our Additional Tier 1 capital decreased by ¥143.3 billion from ¥1,683.6 billion as of

March 31, 2013 to ¥1,540.3 billion as of March 31, 2014. The decrease was due mainly to the effect of the phase-out of recognition of eligible Tier 1 capital instruments subject to phase-out arrangements. As a result, our Tier 1 capital increased by ¥357.2 billion from ¥6,487.4 billion as of March 31, 2013 to ¥6,844.7 billion as of March 31, 2014.

Non-dilutive preferred securities issued by our overseas special purpose companies to investors are included within Additional Tier 1 capital and subject to phase-out arrangements. As of March 31, 2014, the outstanding balance of these securities was ¥1,718.7 billion. Although such non-dilutive preferred securities are perpetual in term, they are redeemable at our option, subject to prior approval from regulatory authorities, on, and on specified dates after, the relevant initial optional redemption date. The following table shows the initial optional redemption dates for the non-dilutive preferred securities included within our Additional Tier 1 capital as of March 31, 2014 and the total outstanding balance of non-dilutive preferred securities with each such initial optional redemption date. The non-dilutive preferred securities are denominated in yen, unless otherwise noted.

Initial optional redemption date	Outstanding balance of non-dilutive preferred securities included within Additional Tier 1 capital (in billions of yen)
June 2014	¥ 226.9(1)
June 2015	452.5
June 2016	461.7(2)
June 2018	274.5
June 2019	303.0

Notes:

(1) In June 2014, we redeemed all ¥226.9 billion of such non-dilutive preferred securities, denominated in yen (¥139.5 billion) and dollars ($850.0 million).

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

Our Tier 2 capital as of March 31, 2014 was ¥1,811.2 billion, a decrease of ¥45.8 billion compared to March 31, 2013. The decrease was due mainly to the effect of the phase-out of recognition of eligible Tier 2 capital instruments subject to phase-out arrangements, offset in part by a new issuance of dated subordinated bonds that are Basel III-eligible Tier 2 capital instruments in March 2014.

As a result of the above, total capital as of March 31, 2014 was ¥8,655.9 billion, an increase of ¥311.4 billion compared to March 31, 2013.

Risk-weighted Assets

The following table shows a breakdown of our risk-weighted assets as of March 31, 2013 and 2014:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
Risk-weighted assets:			
Credit risk assets	¥ 53,590.7	¥ 54,082.0	¥ 491.3
Market risk equivalent assets	2,379.7	2,919.0	539.2
Operational risk equivalent assets	2,853.0	3,286.3	433.3
Total	¥ 58,823.5	¥ 60,287.4	¥ 1,463.8

Risk-weighted assets as of March 31, 2014 were ¥60,287.4 billion, an increase of ¥1,463.8 billion compared to March 31, 2013. Credit risk assets increased by ¥491.3 billion to ¥54,082.0 billion due mainly to a rise in stock

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prices in Japan, offset in part by an improvement in our loan asset portfolio. Market risk equivalent assets increased by ¥539.2 billion to ¥2,919.0 billion. Operating risk equivalent assets increased by ¥433.3 billion to ¥3,286.3 billion.

Principal Banking Subsidiaries

Capital adequacy ratios of our principal banking subsidiaries, on a consolidated basis, as of March 31, 2013 and 2014, calculated in accordance with Japanese GAAP and guidelines established by the Financial Services Agency, were as set forth in the following table:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
Mizuho Bank[(1)]			
Common Equity Tier 1 capital ratio	%	10.11%	%
Tier 1 capital ratio		12.25	
Total capital ratio		15.36	
Mizuho Trust & Banking			
Common Equity Tier 1 capital ratio	13.24	14.76	1.52
Tier 1 capital ratio	13.24	14.76	1.52
Total capital ratio	17.21	17.80	0.59

Note:

(1) The former Mizuho Bank and the former Mizuho Corporate Bank merged on July 1, 2013 with the former Mizuho Corporate Bank as the surviving entity, which was renamed Mizuho Bank upon the merger.

Capital adequacy ratios of the former Mizuho Corporate Bank and the former Mizuho Bank as of March 31, 2013 were as set forth in the following table:

	As of March 31, 2013
The former Mizuho Corporate Bank[(1)]	
Common Equity Tier 1 capital ratio	8.65%
Tier 1 capital ratio	11.03
Total capital ratio	13.89
The former Mizuho Bank[(2)(3)]	
Common Equity Tier 1 capital ratio	8.90
Tier 1 capital ratio	10.13
Total capital ratio	14.08

Notes:

(1) The distribution of all of the shares of Mizuho Securities to Mizuho Financial Group as a dividend in kind (¥424.4 billion) on April 1, 2013 was deducted from Common Equity Tier 1 capital.

(2) The ratios were calculated in accordance with Basel III and are included for reference purpose only because the former Mizuho Bank was subject to Basel II requirements as of March 31, 2013 as a financial institution without overseas operations to which only domestic capital adequacy requirements applied.

(3) The distribution of all of the shares of Mizuho Securities to Mizuho Financial Group as a dividend in kind (¥125.7 billion) on April 1, 2013 was deducted from Common Equity Tier 1 capital.

We believe each of our principal banking subsidiaries was in compliance with all capital adequacy requirements to which it was subject as of March 31, 2014.

Our securities subsidiaries in Japan are also subject to the capital adequacy requirement under the Financial Instruments and Exchange Act. Under this requirement, securities firms must maintain a minimum capital adequacy ratio of 120% calculated as a percentage of capital accounts less certain assets, as determined in accordance with Japanese GAAP, against amounts equivalent to market, counterparty and basic risks. Specific guidelines are issued as a ministerial ordinance that details the definition of essential components of the capital ratios, including capital, disallowed assets and risks, and related measures. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. A capital ratio of less than 140% will call for regulatory reporting and a capital ratio of less than 100% may lead to a temporary suspension of all or part of the business operations and further, to the cancellation of the license to act as a securities broker and dealer. We believe, as of March 31, 2014, that our securities subsidiaries in Japan were in compliance with all capital adequacy requirements to which they were subject.

Off-balance-sheet Arrangements

We engage in various types of off-balance-sheet arrangements in the ordinary course of our business to meet the financing needs of our customers. These arrangements include various guarantees and commitments. The following tables show the contractual or notional amounts of our guarantees and undrawn commitments as of March 31, 2013 and 2014:

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
Guarantees:			
Performance guarantees	¥ 1,750	¥ 1,985	¥ 235
Guarantees on loans	452	399	(53)
Guarantees on securities	146	170	24
Other guarantees	1,068	1,249	181
Guarantees for the repayment of trust principal	171	158	(13)
Liabilities of trust accounts	8,606	11,158	2,552
Derivative financial instruments	23,582	21,422	(2,160)

	As of March 31, 2013	As of March 31, 2014	Increase (decrease)
	(in billions of yen)		
Commitments:			
Commitments to extend credit	¥ 59,101	¥ 59,402	¥ 301
Commercial letters of credit	608	611	3
Total commitments	¥ 59,709	¥ 60,013	¥ 304

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

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

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Some of our off-balance-sheet arrangements are related to activities of special purpose entities, most of which are variable interest entities, including those that do not meet the consolidation requirements under ASC 810, Consolidation (ASC 810). These off-balance-sheet arrangements include the types of transactions discussed below.

Asset-backed Commercial Paper/Loan Programs

We manage several asset-backed commercial paper/loan programs that provide our clients off-balance-sheet and/or cost-effective financing. The variable interest entities used in the programs purchase financial assets, primarily receivables, from clients participating in the programs and provide liquidity through the issuance of commercial paper or borrowings from us backed by the financial assets. While customers normally continue to service the transferred receivables, we underwrite, distribute, and make a market in commercial paper issued by the conduits. We typically provide program-wide liquidity and credit support facilities and, in some instances, financing to the variable interest entities. We have the power to determine which assets will be held in the variable interest entities and have an obligation to monitor these assets. We are also responsible for liability management. In addition, through the liquidity and credit support facilities with the variable interest entities, we have the obligation to absorb losses that could potentially be significant to the variable interest entities. Therefore, we consolidate this type of variable interest entities.

Asset-backed Securitizations

We act as an arranger of various types of structured finance to meet clients off-balance-sheet financing needs. In substantially all of these structured financing transactions, the transfer of the financial asset by the client is structured to be bankruptcy remote by use of a bankruptcy remote entity, which is deemed to be a variable interest entity because its equity holder does not have decision making rights. We receive fees for structuring and/or distributing the securities sold to investors. In some cases, we ourselves purchase the securities issued by the entities and/or provide loans to the variable interest entities.

In addition, we establish several single-issue and multi-issue special purpose entities that issue collateralized debt obligations or collateralized loan obligations, synthetic collateralized debt obligations or collateralized loan obligations or other repackaged instruments to meet clients and investors financial needs. We also arrange securitization transactions including commercial mortgage-backed securities, residential mortgage-backed securities and others. In these transactions, we act as an underwriter, placement agent, asset manager, derivatives counterparty, and/or investor to debt and equity instruments.

In certain variable interest entities, where we provide liquidity and credit support facilities, write credit protection or invest in debt or equity instruments in our role as an arranger, servicer, administrator or asset manager, etc., we have the power to determine which assets will be held in the variable interest entities or to manage and monitor these assets. In addition, through the variable interests above, we have the obligation to absorb losses and the right to receive benefits that could potentially be significant to the variable interest entities. Therefore, we consolidate such variable interest entities.

We established certain variable interest entities to securitize our own mortgage loans. We provide servicing for, hold retained subordinated beneficial interests in, and retain credit exposure in the form of guarantees in the mortgage loans. In our role as a servicer, we have the power to direct the entity s activities that most significantly impact the entity s economic performance by managing defaulted mortgage loans. In addition, through the retained interests and the involvement as a guarantor above, we have the obligation to absorb losses and the right to receive benefits that could potentially be significant to the entity. Therefore, we consolidate such variable interest entities.

Investments in Securitization Products

We invest in, among other things, various types of collateralized debt obligations and collateralized loan obligations, synthetic collateralized debt obligations and collateralized loan obligations and repackaged instruments, commercial mortgage-backed securities and residential mortgage-backed securities arranged by third parties for the purpose of generating current income or capital appreciation, which all utilize entities that are deemed to be variable interest entities. By design, such investments were investment grade at issuance and held by a diverse group of investors. The potential loss amount of securities and loans is generally limited to the amount invested because we have no contractual involvement in such variable interest entities beyond our investments. Since we are involved in those variable interest entities only as an investor, we do not ordinarily have the power to direct the variable interest entities activities that most significantly impact the variable interest entities economic performance. However, we consolidate variable interest entities where the transactions are tailored by the third party arrangers to meet our needs as a main investor who is ultimately deemed to have the power to determine which assets to be held in the variable interest entities. We also invest in certain beneficial interests issued by variable interest entities which hold real estate that we utilize. In addition to these variable interests, when we have the power including the sole unilateral ability to liquidate variable interest entities, we consolidate such variable interest entities.

Investment Funds

We invest in various investment funds including securities investment trusts, which collectively invest in equity and debt securities that include listed Japanese securities and investment grade bonds. Investment advisory companies or fund management companies, including our subsidiaries and affiliates, administer and make investment decisions over such investment funds. We consolidate certain investment funds where we are deemed to be the primary beneficiary. We have determined that certain investment vehicles managed by us that have all the attributes of an investment company (or similar entity) qualify for the deferral from certain requirements of ASC 810 that originated from SFAS No.167, Amendments to FASB Interpretation No.46(R) (SFAS No.167). Therefore, for these vehicles, we determine whether we are the primary beneficiary by evaluating whether we absorb a majority of expected losses, receive a majority of expected residual returns, or both.

Trust Arrangements

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

With respect to guaranteed principal money trust products, we assume certain risks by providing guarantees for the repayment of principal as required by the trust agreements or relevant Japanese legislation. We manage entrusted funds primarily through the origination of high quality loans and other credit-related products, investing in investment grade marketable securities such as Japanese government bonds and placing cash with our subsidiary trust banks. We have the power to determine which assets will be held in the variable interest entities or to manage these assets. In addition, through the principal guarantee agreement, we have the obligation to absorb losses that could potentially be significant to the variable interest entities. Therefore, we consolidate this type of variable interest entities. However, we do not consolidate certain guaranteed principal money trusts, which invest all the entrusted funds in ourselves, as we have determined that we have no variable interests.

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Significant Unconsolidated Variable interest entities

The tables below summarize our involvement in significant unconsolidated variable interest entities as of March 31, 2013 and 2014:

As of March 31, 2013	Significant unconsolidated variable interest entities	
	Total assets	Maximum exposure to loss
	(in billions of yen)	
Asset-backed commercial paper/loan programs	¥	¥
Asset-backed securitizations	463	37
Investments in securitization products	530	206
Investment funds	2,770	302
Trust arrangements and other		
Total	¥ 3,763	¥ 545

As of March 31, 2014	Significant unconsolidated variable interest entities	
	Total assets	Maximum exposure to loss
	(in billions of yen)	
Asset-backed commercial paper/loan programs	¥	¥
Asset-backed securitizations	385	39
Investments in securitization products	531	200
Investment funds	2,935	387
Trust arrangements and other		
Total	¥ 3,851	¥ 626

Asset-backed commercial paper/loan programs include multi-seller programs managed by us, under which the related variable interest entities purchase various types of assets from our clients, consisting mainly of accounts and notes receivables as well as credit card receivables, auto loans, leases and other receivables. Our involvement with variable interest entities for multi-seller programs is generally more significant than other types of variable interest entities in terms of liquidity support and credit enhancement obligations. All of the variable interest entities for our asset-backed commercial paper/loan programs to which we provided liquidity support or credit enhancements were consolidated variable interest entities as of March 31, 2014.

Other Types of Off-balance-sheet Arrangements

See note 25 to our consolidated financial statements included elsewhere in this annual report for further descriptions of variable interest entities and securitizations.

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Tabular Disclosure of Contractual Obligations

In the normal course of business, we enter into contractual obligations that require future cash payments. The following table sets forth a summary of our contractual cash obligations as of March 31, 2014:

	Due in one year or less	Due from one year to two years	Due from two years to three years	Due from three years to four years	Due from four years to five years	Due after five years	Total
				(in billions of yen)			
Time deposits	¥ 33,606	¥ 1,931	¥ 1,254	¥ 344	¥ 415	¥ 134	¥ 37,684
Certificates of deposit	12,746	10					