



**MIZUHO**

# Integrated Report 2018

Annual Review

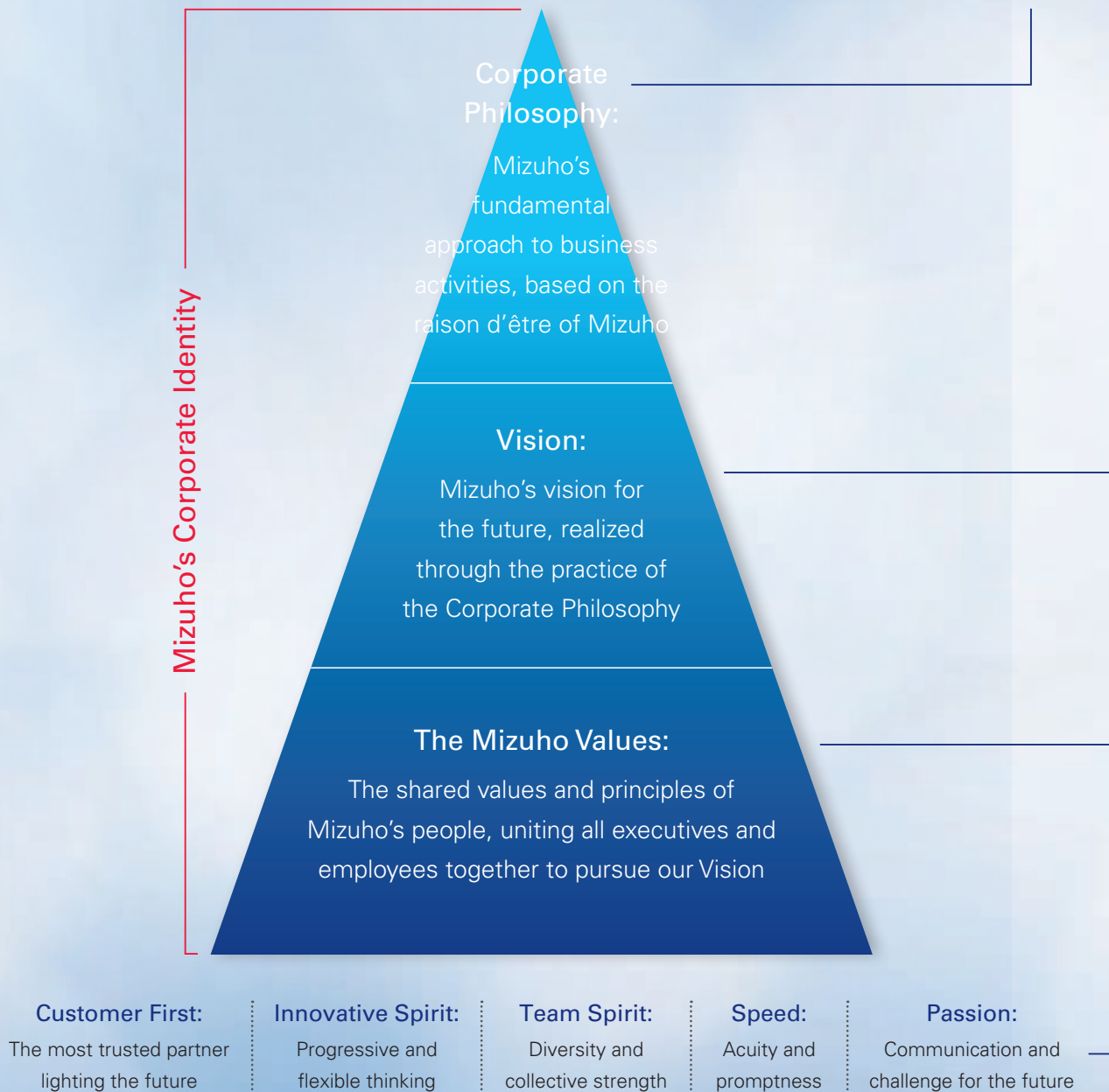
**April 2017 – March 2018**

Mizuho Financial Group

# Our Corporate Philosophy

Mizuho, the leading Japanese financial services group with a global presence and a broad customer base, is  
Providing customers worldwide with the highest quality financial services with honesty and integrity;  
Anticipating new trends on the world stage;  
Expanding our knowledge in order to help customers shape their future;  
Growing together with our customers in a stable and sustainable manner; and  
Bringing together our group-wide expertise to contribute to the prosperity of economies and societies throughout

These fundamental commitments support our primary role in bringing fruitfulness for each customer and the



committed to:

the world.

economies and the societies in which we operate. Mizuho creates lasting value. It is what makes us invaluable.



## Editorial policy

This Integrated Report includes financial information as well as non-financial information on such subjects as ESG. The report presents information on Mizuho's efforts related to strategies, governance, and other subjects along with information on how those activities are leading to the creation of value for our customers, society, and Mizuho over the short, medium, and long terms. It was edited with the intention of providing stakeholders with concise and clear explanations in a story-like form.

The content of this Integrated Report was reported to the Audit Committee of Mizuho Financial Group, and, after verification of appropriateness by the Disclosure Committee, the report was given final approval by the President & Group CEO.

We hope this report will further improve understanding of Mizuho and its goal of being "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."

### ● Guidelines referred to

International Integrated Reporting Council's "International Integrated Reporting Framework" (published on December 2013)

### ● Scope of the report

Period covered: From April 1, 2017 to March 31, 2018

Also includes some information after April 2018

Scope covered: In principle, Mizuho Financial Group and its subsidiaries and affiliates

### ● Publication information

Date of issue: September 2018

### ● Definitions

MHFG: Mizuho Financial Group

MHBK: Mizuho Bank

MHTB: Mizuho Trust & Banking

MHSC: Mizuho Securities

TCSB: Trust & Custody Services Bank

MHRI: Mizuho Research Institute

MHIR: Mizuho Information & Research Institute

MHPW: Mizuho Private Wealth Management

**All figures contained in this report are calculated using accounting principles generally accepted in Japan ("Japanese GAAP").**

#### Forward-Looking Statements

This Integrated Report contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimates, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance.

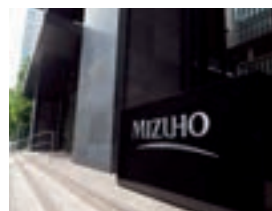
In many cases, but not all, we use such words as "aim," "anticipate," "believe," "endeavor," "estimate," "expect," "intend," "may," "plan," "probability," "project," "risk," "seek," "should," "strive," "target" and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions.

We may not be successful in implementing our business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including, without limitation: incurrence of significant credit-related costs; declines in the value of our securities portfolio; changes in interest rates; foreign currency 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, realize the synergy effects of "One Mizuho," and implement other strategic initiatives and measures effectively; the effectiveness of our operational, legal and other risk management policies; the effect of changes in general economic conditions in Japan and elsewhere; and changes to applicable laws and regulations. Further information regarding factors that could affect our financial condition and results of operations is included in "Item 3.D. Key Information—Risk Factors," and "Item 5. Operating and Financial Review and Prospects" in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") and our report on Form 6-K furnished to the SEC on July 30, 2018, both of which are available in the Financial Information section of our web page at [www.mizuho-fg.com/english/](http://www.mizuho-fg.com/english/) and also at the SEC's website at [www.sec.gov](http://www.sec.gov).

The contents of this Integrated Report were prepared prior to the announcement of our financial results for the first quarter of fiscal 2018.

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, except as may be required by the rules of the Tokyo Stock Exchange.

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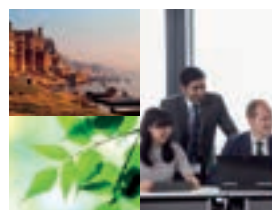
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## Mizuho's journey

# Always standing at the forefront of our time, trailblazing is in our

# DNA

### Mizuho's history

## 1873



The Dai-ichi Bank (photo: National Diet Library)

### The Dai-ichi Kangyo Bank

1873 Establishment of The Dai-ichi Bank 1971 Establishment of the Dai-ichi Kangyo Bank through a merger with Nihon Kangyo Bank

## 1880



Yasuda Bank (photo: National Diet Library)

### The Fuji Bank

1880 Establishment of Yasuda Bank, 1948 Changed to The Fuji Bank

## 1902



(photo: The Mainichi)

### The Industrial Bank of Japan

Establishment as a public-sector bank that not only offers long-term funding but also securities and trust banking services

## 1999

Establishment of a financial services group

### First in Japan

## 2002

Divided the organization based on customer segments through a split-off and merger

### First in Japan

## 2002

Establishment of Mizuho Bank and Mizuho Corporate Bank



### History of the financial industry

#### Phase I (1980s and prior)

Commercial banks, securities companies and insurance companies coexisted independently

#### Phase II (1990s)

Era of conglomerates and mega banks

#### Phase III (2000s)

Era of investment banks and proprietary trading

1992

Financial system reform

1996

Japanese "Big Bang" financial reform

## 2012

Operations based on group-wide collaboration among banking, trust banking, and securities functions

**De facto "One Bank" model in preparation for merger**

## 2014

Transition to a Company with Committees model of corporate governance

**First as a Japanese megabank**

## 2016

Introduced an "in-house company system"

**First as a Japanese bank**

## 2011

Mizuho Trust & Banking and Mizuho Securities become wholly-owned subsidiaries of Mizuho Financial Group

## 2013

Merger of banks and merger of securities companies

## 2014

Strengthening functions of the holding company



### Phase IV (2010s and onward)

Pursuit of the new frontier of finance

### Pursuit of ideal model for finance

2008

Global financial crisis

2010

US Dodd-Frank Act

2013

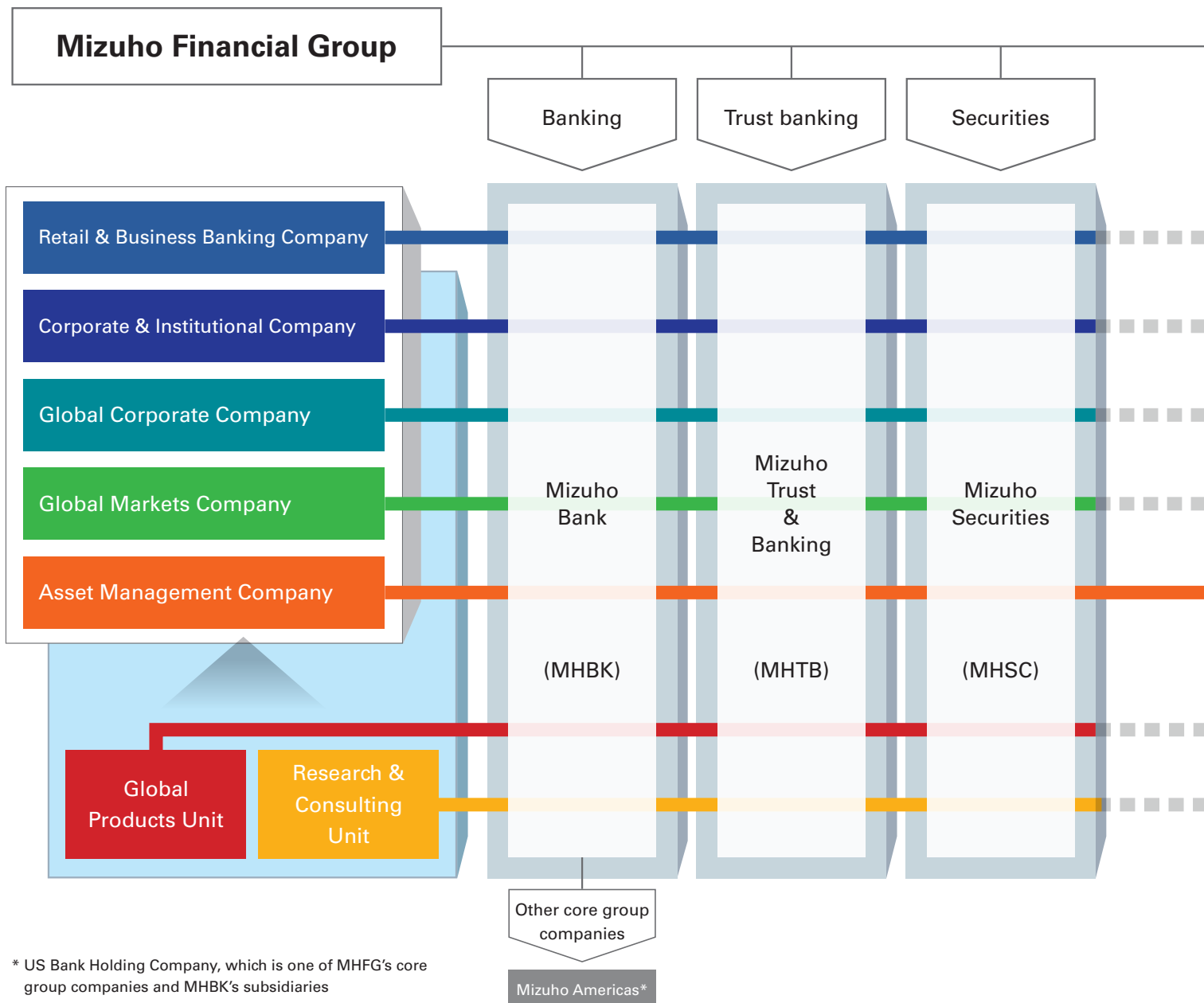
Phase-in introduction of Basel III

Tightening of regulations

## Business domain

The Mizuho group is composed of Mizuho Financial Group Co., Ltd. (the holding company), its consolidated subsidiaries, and affiliates accounted for under the equity method. As a financial services group, our business domains include banking, trust banking, securities, and other financial services.

Under a holding company, the group has five in-house companies, which determine and promote strategies group-wide across banking, trust banking, securities, and other business areas according to the attributes of customers, and two units that support all of the in-house companies.



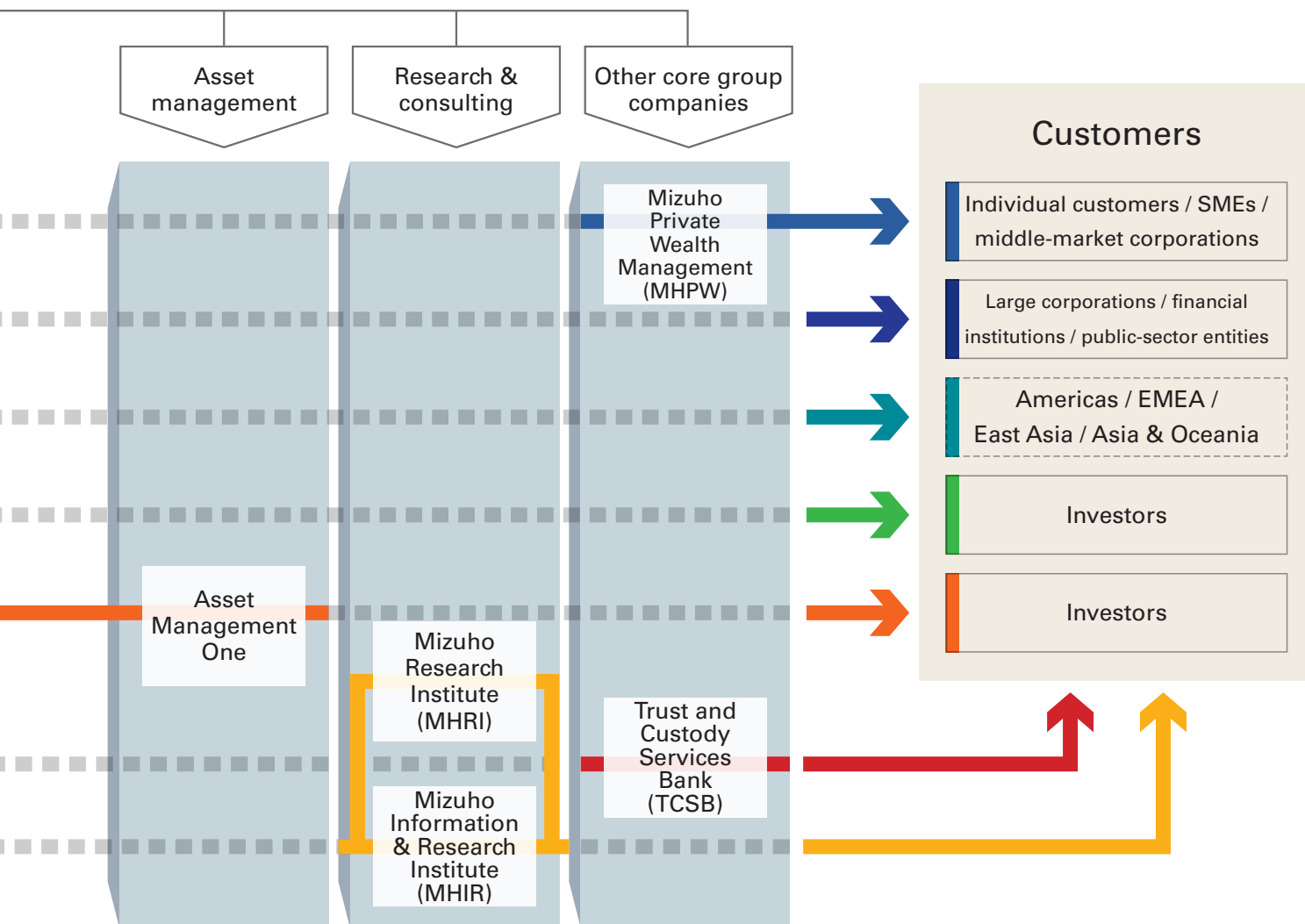


**Reference** Net Business Profits by in-house company

(group aggregate, management accounting, rounded figures) (¥ billion)

	FY2017 results	FY2018 targets
Retail & Business Banking Company	14	31
Corporate & Institutional Company	229	244
Global Corporate Company	92	123
Global Markets Company	186	285
Asset Management Company	17	18
In-house company total	538	701
Consolidated Net Business Profits	538	700

1. Recalculated the FY2017 results based on the FY2018 management accounting rules  
 2. The Global Markets Company's Net Business Profits include Net Gains Related to ETFs and MHFG's Consolidated Net Business Profits include Net Gains Related to ETFs (MHBK + MHTB) + Net Gains on Operating Investment Securities (MHSC consolidated)



# Value creation process

Mizuho’s Corporate Philosophy, which is at the core of our Corporate Identity, states “These fundamental commitments support our primary role in bringing fruitfulness for each customer and the economies and the societies in which we operate. Mizuho creates lasting value. It is what makes us invaluable.”

To realize our Corporate Philosophy, we are drawing on our strengths, taking account of changes in the business environment in Japan and overseas, and seeking to establish a new business model with the objective of becoming a “financial services consulting group” by taking the One Mizuho



strategy to the next stage. Specifically, with the “customer first principle” (customer-focused perspective) and operational excellence as the foundations of our efforts, we will draw on our sophisticated risk-taking capabilities and financial intermediary functions, in order to thoroughly align with our customers’ needs and be their best financial solutions partner, thus shaping the future of the economies and communities we serve.

We are seeking to establish competitive advantage and to increase our corporate value by securing sustainable and stable profits, and therefore fulfill an even greater social mission.

## Increase corporate value and fulfill even greater social mission

### Unchanging value as a financial institution

Our customer’s best financial solutions partner, contributing to the sustainable growth of our customers and the communities we serve

Provide superior consulting services and optimal solutions

Customers

Individuals, small and medium-sized enterprises, middle market firms

Large corporations, financial institutions, public-sector

Americas, Europe, East Asia, Asia & Oceania

Investors

Investors

► Business domains  
**P7-8**

Address customers’ issues and contribute to their sustainable growth

Contribute to sustainable economic and social development

Promote industrial development that takes into consideration global issues

Revitalize regional economies

Encourage household financial asset growth in Japan by fulfilling our fiduciary duties

Support business/asset succession and innovative companies

Create/revolutionize businesses using new technology

Promote responsible investment and financing

► Our strategies for value creation  
**P31-70**

### Financial intermediary functions

Financial capital

- Stable funding structure
- Sound credit portfolio
- Strong capital base

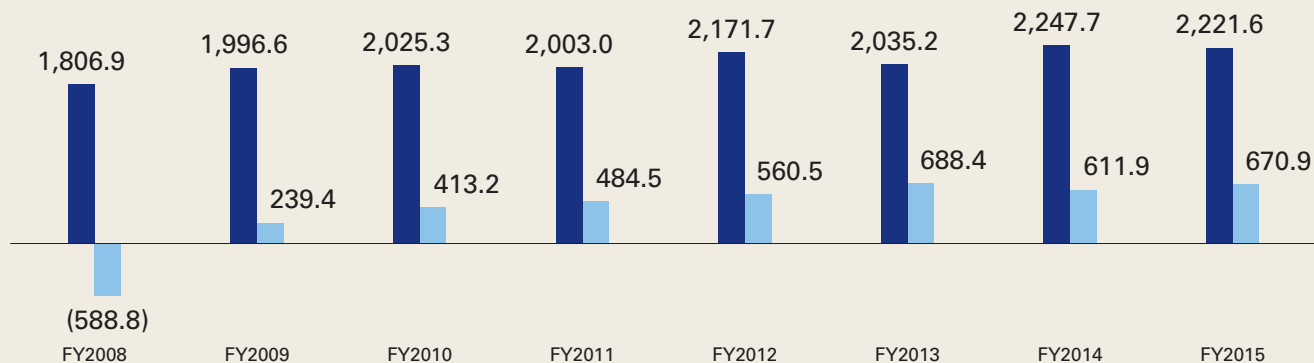
Further enhancing Mizuho’s strengths

# Principal financial and non-financial data

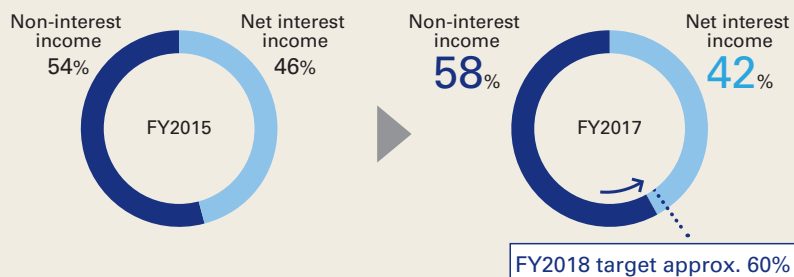
## Financial data

### Historical data

(¥ billion) ■ Consolidated gross profits ■ Profits (losses) attributable to owners of parent



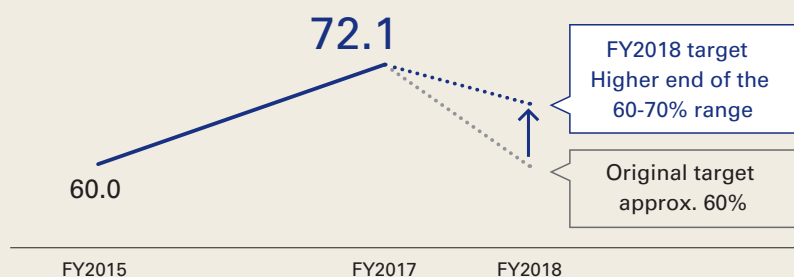
### Proportion of non-interest income\* (gross profits) (Group aggregated, management accounting)



\*The scope of companies aggregated under management account has been changed since 1Q of FY2017

### Expense ratio (group aggregated)\*

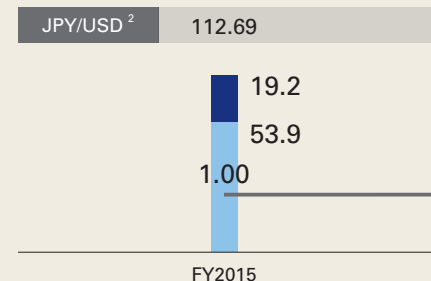
(%)



\*The scope of companies aggregated under management accounting has been changed since Q1 of FY2017

### Loan balance<sup>1</sup> Non-performing

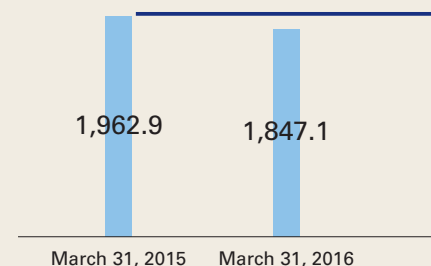
■ In Japan ■ Outside Japan (¥ tril-)



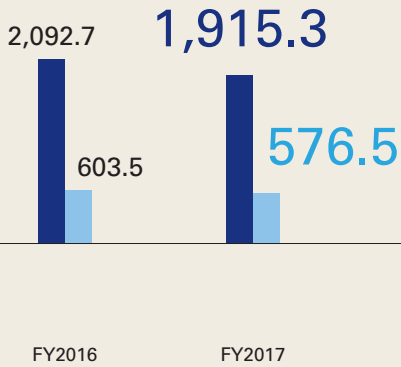
<sup>1</sup> Excluding loans to MHFG, Banking account

### Japanese stock portfolio\*

(¥ billion)

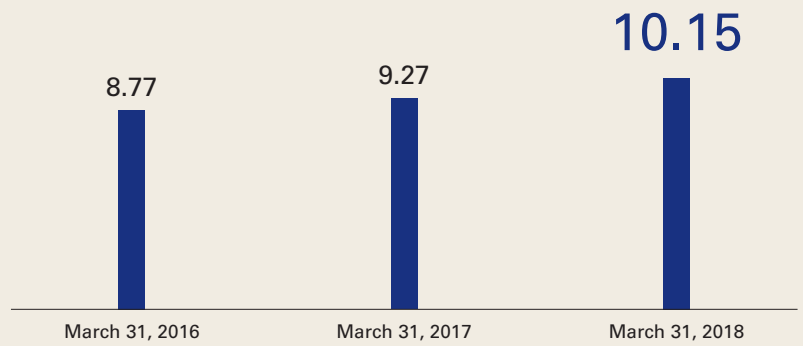


\* Other securities which have readily



### Common equity tier 1 capital ratio\*

(%)



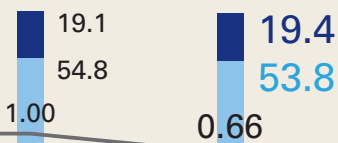
\* Basel III fully-effective basis (based on current regulations), excluding net unrealized gains on other securities

### (Period-end balance), loan (NPL) ratio

MHBK + MHTB

— Non-performing Loan (NPL) Ratio (%)

112.20 106.27



2 Foreign exchange rate (TTM) at the respective period end

### Consolidated ROE\*

(%)



\* Excluding net unrealized gains on other securities

Consolidated Acquisition cost basis

Compared with March 31, 2015

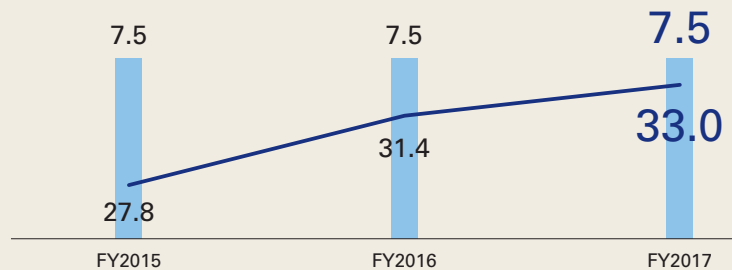
-¥398 billion



determinable fair values

### Cash dividend per share of common stock, dividend payout ratio

■ Cash dividend per share (¥) — Dividend payout ratio (%)

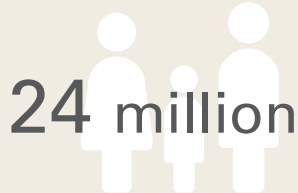


# Principal financial and non-financial data

## Non-financial data

Our customer base generates our competitive advantage

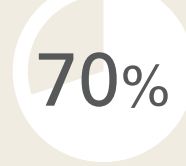
### Individual customers



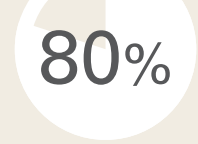
### SME, middle market, and business owner borrowers



### Coverage of listed companies in Japan



### Coverage of Forbes Global 200 (non-Japanese corporations)



Stable global presence

### Syndicated loans

Underwriting amount  
¥8.9 trillion

No.1 in Japan  
(9 consecutive years)



### Assets under management by Asset Management One

About  
¥57 trillion

Largest scale in Asia



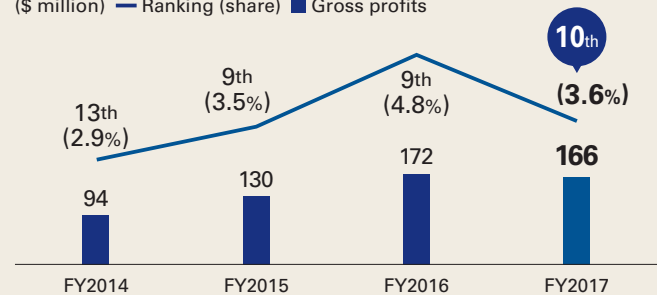
### Standings in major league tables

	2015	2016	2017	
Total equity underwriting worldwide	No.3	No.4	No.4	Market share 12.7%
Total Japan publicly offered bonds	No.3	No.1	No.2	Market share 18.9%
ABS lead manager	No.1	No.1	No.1	Market share 33.0%

### US bond (DCM) ranking\*

Source: Dealogic

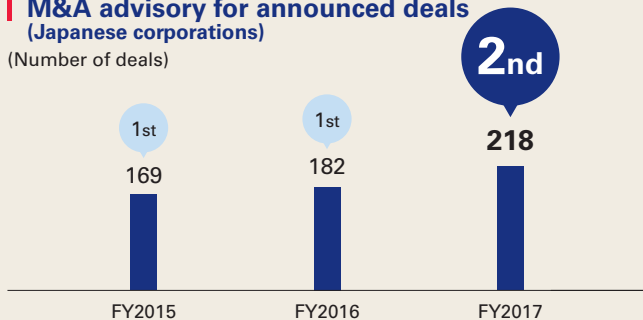
(\$ million) — Ranking (share) ■ Gross profits



\* Bonds worth \$250 million or more, issued by investment grade US corporations

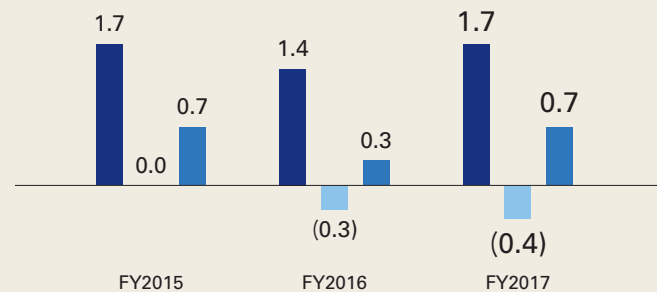
### M&A advisory for announced deals (Japanese corporations)

(Number of deals)



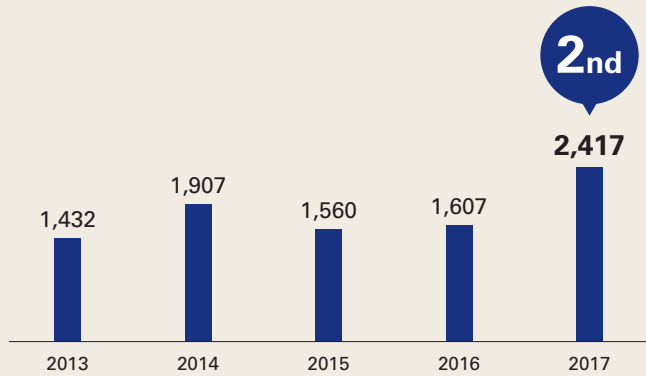
### Industry top-level net inflow of client assets (Mizuho Securities)

(\$ trillion) ■ Mizuho ■ Independent firm A ■ Independent firm B

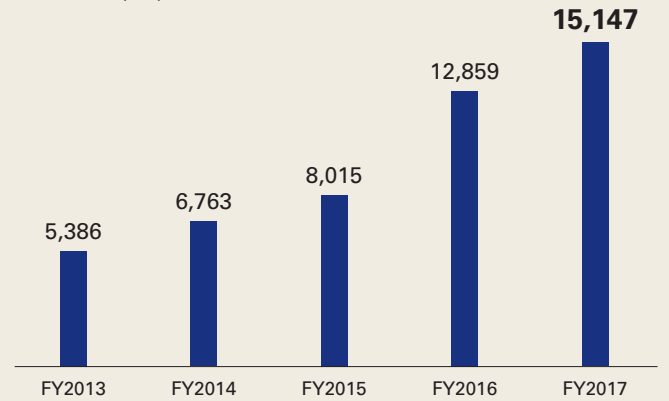


ESG-related data

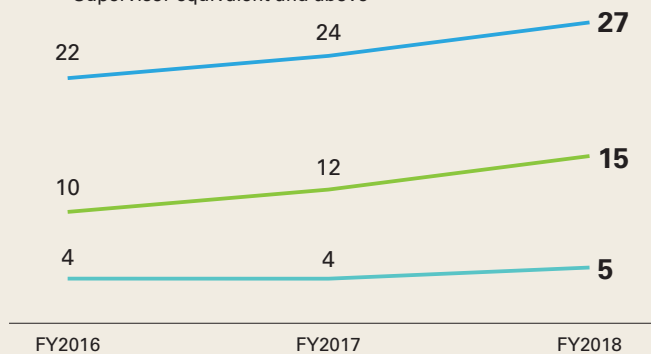
**Project finance deals arranged for renewable energy divisions** Source: Bloomberg New Energy Finance (\$ million)



**Number of people provided financial education** (Number of people)

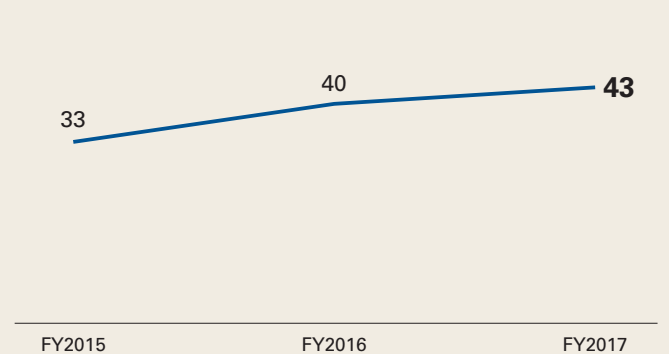


**Percentage of management positions filled by women\*** Figures as of July (%)



\* Total for four group companies in Japan: Mizuho Financial Group, Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities

**Percentage of management positions filled by employees hired outside Japan\*** (%) \* Ratio at Mizuho Bank outside Japan



\* As of July in FY2015 and as of March in FY2016 and subsequent years

**Social responsibility indices which include Mizuho** (as of June 2018)

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

MSCI 2017 Constituent  
MSCI Global Sustainability Indexes

**MS-SRI** モーニングスター社会的責任投資株価指数  
Morningstar Socially Responsible Investment Index

FTSE4Good

FTSE Blossom Japan

Bloomberg Gender-Equality Index

MSCI 2017 Constituent  
MSCI日本株 女性活躍指数 (WIN)

## Mizuho in fiscal 2017

### Strategy

#### June 2017

Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities have each transitioned to a Company with Audit and Supervisory Committee model of corporate governance in order to further enhance Mizuho's corporate governance on a group basis.

#### June 2017

Cooperating with Wil Group, we established Blue Lab for the purpose of creating new businesses by making the best use of various advanced technology.



#### July 2017

Started preparations for establishing a new company to engage in securities business in Frankfurt, Germany in the process of assessing the impact of the UK's withdrawal from the EU.

#### September 2017

J.Score, our joint venture with Softbank, launched the first AI score-based lending service in Japan.



#### October 2017

Mizuho Financial Group issued its first Green Bond to provide finance for environmentally friendly projects.

#### October 2017

In view of rising interest among the general public and the Practical Guidelines for Corporate Governance Systems issued by Japan's Ministry of Economy, Trade and Industry in March 2017, Mizuho announced our advisor system in advance of the commencement of the disclosure requirements for advisors/consultants coming into effect.

#### December 2017

Held the Second Global Council Meeting to provide a venue for the exchange of opinions among business leaders regarding the political and economic outlook and its impact on business strategy and digital innovation.

#### December 2017

To accelerate collaboration between our banking, trust banking, and securities entities in the United States and improve convenience for clients, we merged the operations of Mizuho Bank (USA) and Mizuho Trust & Banking (USA).

#### March 2018

Our consolidated subsidiary, Trust & Custody Services Bank, signed a management integration agreement with Japan Trustee Services Bank.



## External recognition

### “Customer first principle”

September 2017

Mizuho received the Award for Excellence in the Service & Hospitality Awards given by the Japan Institute of Information Technology, in recognition of the face-to-face systems we developed, including tablets for filling in forms, as part of our efforts to be a leading provider of in-branch financial services.



### Financial innovation

April 2017

Mizuho received the grand prize at the Celent Model Bank 2017 in the category of consumer banking channel innovation. We were recognized for creating a unique customer experience by utilizing the humanoid robot Pepper and providing new services for checking one's balance directly from the messenger app Line.



November 2017

Received the Information Technology Award from the Japan Institute of Information Technology in recognition of our acting as a driving force in advancing the digital revolution in financial services.



May 2018

Mizuho was selected as a Competitive IT Strategy Company Stock for the third consecutive year by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We were recognized for our active efforts to strengthen our competitiveness and create new value through technological innovation.



### Encouraging the active participation of our workforce

February 2018

Mizuho was selected under the 2018 Health & Productivity Stock Selection, which is jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We were recognized for our approach to employee health and wellbeing by putting into practice strategic workforce health management initiatives.



March 2018

Mizuho was recognized as being actively engaged in promoting the participation of our female employees, and received Nadeshiko Brand designation, conferred jointly by Japan's Ministry of Economy, Trade and Industry, and the Tokyo Stock Exchange.



### Disclosures

November - December 2017

Mizuho received a number of awards and prizes in recognition of our proactive and advanced online disclosure practices. Our website was recognized for containing in-depth information and being easy to use and understand.



## Message from the Group CEO

# Establishing a stronger and more resilient financial group which our customers can depend on in the coming era

The past fiscal year has been an eventful one for the Mizuho group as well as the world at large. In April 2018 I was appointed as the President & CEO of Mizuho Financial Group (“Group CEO”).

Some of Mizuho’s strengths and unique characteristics are our long history, broad customer base and network in Japan and around the world, and our strong presence in global financial markets. While fully drawing on these strengths, we are aiming to make Mizuho into a stronger and more resilient financial group which our customers can depend on in the coming era. Our customers’ needs are evolving along with changes in the economy, society, and people’s lifestyles. As new fields gain relevancy for our customers, we must be always a step ahead, cementing these new fields as significant strengths for Mizuho.

To our stakeholders, I ask for your continued understanding and support to help Mizuho succeed in this endeavor.

### Business environment: Changes in the economic/social structure and cyclical factors

Before I go into the details of the direction I would like to pursue as the new Group CEO, I would first like to provide an overview of what we perceive to be our medium- to long-term business environment.

First of all I would like to discuss the structural changes occurring in the economy and society. As you know, the world is at a historical turning point. The basic world order in which capitalism supports economic growth around the world, which has been in place in the decades following World War II, is being challenged by anti-globalization sentiment, social divisions, and other movements.

At the same time, the growth of overseas economies continues to surpass that of Japan, and Asian countries in particular are expected to lead global economic growth over the next 30 years or so, making Asia an increasingly important region.

Therefore, while challenges to the world order must be observed with caution, it is essential that we find the best ways to benefit from global economic growth, particularly the strong growth expected in other Asian countries.

As for Japan, the nation reached peak population in 2008 and has now entered an era of declining population. As of January 2018, Japan’s population is around 127 million, but is expected to be reduced by around 30% in 50 years’ time. Due to the declining birthrate, the working age population is projected to decrease by 40% while the portion of the population that is aged 65 or over will remain around the same, creating an aging society.

On the other hand, individual savings and other household financial assets which were mostly accumulated during Japan’s period of high growth now amount to over ¥1.88 quadrillion, a number three times that of Japan’s current GDP, and are expected to further increase going forward.

Japan typically ranks first or second globally in terms of the rate that the population is aging, and therefore it is crucial that the massive amount of household financial assets which the Japanese population has accumulated are invested in areas of high growth potential. This will not only contribute to the development of industries both in Japan and abroad, but also promote stable wealth formation for the Japanese public, therefore playing a key role in achieving sustainable growth for the Japanese economy going forward.

Also, advancements in technology have enabled substantial increases in productivity. Coupled with the emergence of new industries, this is leading to increased industry shake-ups globally. People’s lifestyles are being transformed as well with the rapid adoption of smartphones and other consumer technology. This is also leading to a change in the way that people use financial services.

Cyclical factors, of course, also have a significant impact. According to research conducted by the International Monetary Fund (IMF), the global economy expanded at a rate of 3.8% in 2017, the highest level since 2011. The IMF projects a growth rate of around 3.9% in 2018 and 2019, and considering the expansion in structural demand resulting from technological progress, the world economy is expected to follow a very positive trajectory. It is important to note, however, that the world has tended to experience a financial crisis every ten years or so, and it has already been ten years since the previous financial crisis. We at Mizuho are keenly aware of the importance of knowing where we are in the credit cycle and being always on the lookout for warning signs.



# Tatsufumi Sakai

Member of the Board of Directors  
President & Group CEO  
Mizuho Financial Group, Inc.

## Message from the Group CEO

The excess liquidity produced by the ultra-loose monetary policies implemented by a number of countries following the global financial crisis has raised the value of assets such as stocks, bonds, and real estate. However, the US and European countries are beginning to seek an exit from their monetary easing and we are also starting to see a market correction for certain asset prices.

We do not know whether this correction is temporary or a sign that the next crisis is imminent, but it seems likely that competition will only become fiercer and that financial institutions will struggle to increase their earnings.

In consideration of these changes, we must monitor market trends with caution and take on appropriate risk in light of what we expect the future to bring. In other words, the current situation will test our true worth as a financial institution.

### The direction of our business transformation: Cultivating a resilient business portfolio with built-in growth potential

In light of the business environment described above, I would like to discuss the direction of Mizuho's business transformation.

Firstly, if we consider our earnings and business portfolio from an investor's perspective, as a listed company, while our high level of liquidity and our dividends would be viewed favorably, our earnings power and growth potential would be seen as in need of improvement.

In order to meet the high expectations of investors, we need to work to improve upon this assessment. To do this, we not only need to improve our fundamental earnings power but also ensure that our business portfolio has built-in growth potential. In other words, the combination of a stable earnings base and a number of additional fields with up-side potential is the key to ensuring medium- to long-term built-in growth potential and therefore cultivating a resilient business portfolio.

In terms of a stable earnings base, further strengthening our Japanese retail business is crucial for ensuring Mizuho's sustainable growth. Our Japanese retail business is a part of the economic and social infrastructure in the country and is the face of our brand, enhancing our presence by building public familiarity. Additionally, our retail business is a stable earnings base for us, due in part to being composed of a diverse range of small-value accounts. Although the fixed costs associated with our retail operations are significant, this part of our business is the most important source of liquidity for us as a financial institution. Additionally, establishing a stable earnings base in other areas such as our lending and transaction banking businesses is important.

As for our wholesale business, which is targeted at large corporations and institutional investors, this part of our business not only establishes a presence for Mizuho in global financial and capital markets, but also has a significant impact on our profits and is an area with high up-side potential. Also, the products and functions provided by our markets and investment banking businesses are essential to our operations as a whole.

Not only do our retail and wholesale businesses complement one another, but they are also highly integrated in areas such as capital raising and investment or securities distribution and underwriting. This provides an opportunity for us to enhance business literacy in both retail and wholesale and strengthen collaboration between the two, thus creating synergy.

Next I would like to explain the areas where we are looking to enhance growth potential for both our retail and wholesale businesses.

The first area is our securities, trust banking, and asset management businesses, which have significant room to grow and which are a key source of differentiation for Mizuho. Going forward, we will work to further strengthen and expand these business areas. To do this, we will need to fully draw on Mizuho Bank's robust customer base, capital strength, and other advantages.

Another area we will focus on is our business outside Japan, particularly in Asia where we will look to take advantage of the high growth in the region. Compared to the period immediately following the global financial crisis, Japanese banks have less of a comparative advantage, as Western banks have recovered and the competition has become more fierce. However, Japan is the world's third largest economy, and Mizuho's strong foundations in the Asia region as a whole, which is expected to lead global growth going forward, will be a source of competitiveness for us when we go up against Western banks.

### Strategies in each business field

Having explained our thinking in terms of our overall business portfolio, I would now like to take a closer look at the strategies we will pursue in each business field.

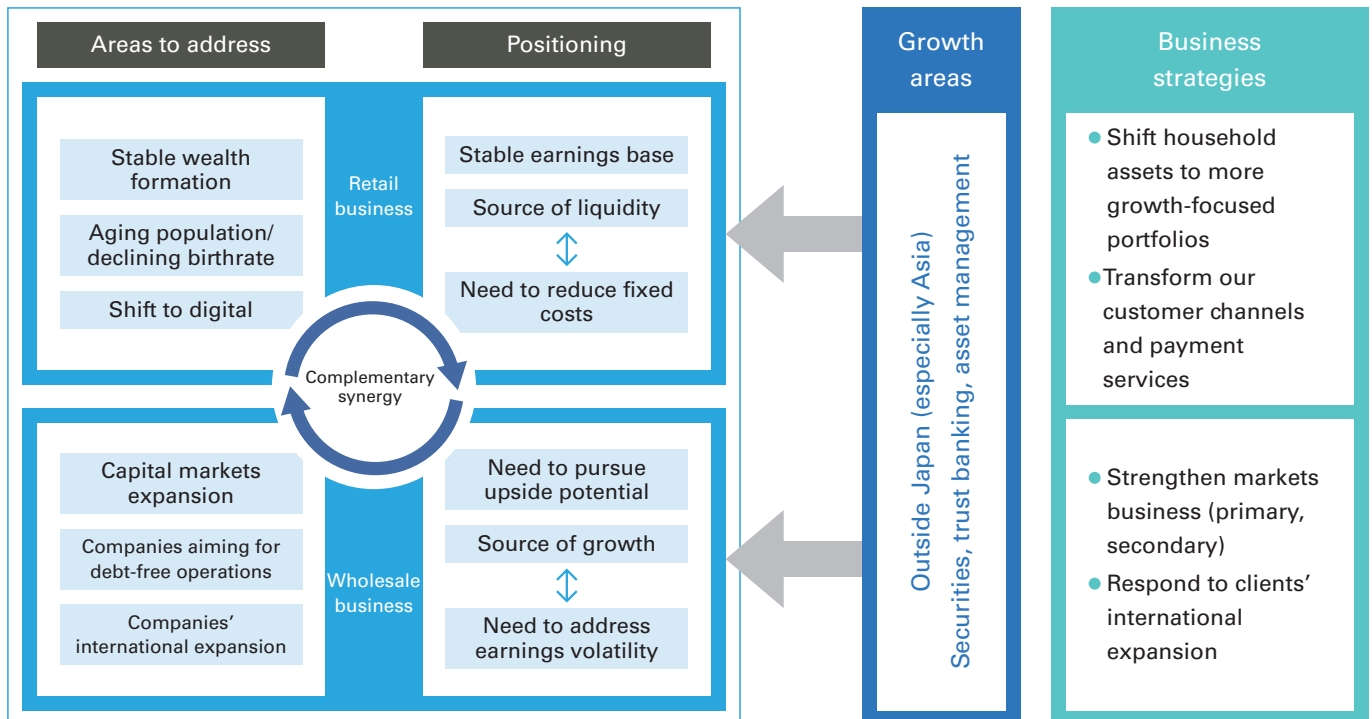
#### Japanese retail business

The first area we will focus on in our Japanese retail business is helping individuals to shift their assets to more growth-focused portfolios.

Over the past 20 years, the average rate of return on household financial assets was 6.6% in the US but less than 0.8% in Japan, proving the need to encourage a shift from savings to investment / wealth formation, which will help individuals achieve more growth-focused portfolios. This not only addresses one of Japan's key economic issues but is also a prime business opportunity for Mizuho.

By leveraging our strengths such as our broad customer base and network, we can identify the shift in customers' needs at different life stages or life events and provide optimal consulting services, drawing on the capabilities of not only our banking, trust banking, and securities entities but also our asset management and research & consulting entities (what we refer to as the fourth and fifth pillars of our One Mizuho strategy). This will allow us to fundamentally strengthen our business related to assets under management.

■ The structure of our business portfolio



The second area we will focus on is transforming our customer channels and payment services. We continue to see a decrease in the number of visitors to our branches while experiencing a rapid increase in online banking users. The majority of this increase is mobile banking.

The movement to standardize the QR codes used for mobile payments in the banking industry is also contributing to the transition to a cashless society, a trend that is likely to truly take off in Japan in the near future.

With consideration of how an increasingly large portion of transactions are taking place online or through smartphones, and with the aim of directly advancing the movement towards cashless payments, we will transform our customer channels and payment services by strategically shifting resources from branch and ATM channels to online and mobile channels. At the same time, this will shift the role of branches to one more focused on financial consulting, an area where a human touch is essential. As this shift occurs, we will work to further enhance the added value we provide in face-to-face customer interactions.

**Wholesale business**

In wholesale, Mizuho's strength has been our industry and business insight, and going forward we will focus on our markets business and further globalization.

Of course, capital markets are a central pillar of any capitalist economy and while reflecting the domestic and global political and economic situation, they set interest rates, stock prices, and other values which have a major impact on the financial system

as a whole, in addition to supplying liquidity. Additionally, each market is interconnected with others around the world and changes day-by-day in part in reaction to one another.

It is investors' decisions that ultimately shape the markets and therefore, as we promote the shift from savings to investment / wealth formation in Japan, the role of investors and capital markets will become more central to Japan's economy. At Mizuho, our sales & trading business still has significant room for growth. Additionally, the key to establishing competitive advantage in our business targeting issuers is to enhance our market literacy so that we can better take advantage of the abovementioned shift.

Until recently, we have grown our corporate financing business with a focus on meeting demand for funding, but currently around 60% of listed companies in Japan are running debt-free businesses. Therefore, increasing our market literacy is essential as client needs are shifting. In addition to the above, we will pursue fees-based business such as advisory services. This, along with the effective use of capital (one of Mizuho's strengths), and taking on risk appropriately based on our insight into the markets, will enable us to increase our earnings power.

Another important point to note is that our corporate clients are increasingly drawing on their technology and capital strength in order to expand their businesses globally. Among companies listed in Japan (which are required to disclose earnings broken down by business segment), the average portion of their sales originating from outside Japan is around 50%. It is therefore imperative that we enhance our ability to assist Japanese companies with their international expansion. Also, we will use

## Message from the Group CEO

our presence throughout the Asia region as an advantage and provide cross-regional solutions as a means of enhancing our support framework for a range of clients, including Asian companies and European or American multinationals.

In summary, in our wholesale business, to complement our existing strength in industry/business insight, we will aim to enhance our financial and capital markets literacy and then further strengthen both these capabilities from a global perspective. At the same time, we need to increase collaboration between our corporate finance and institutional investors businesses as well as further globalize them.

### Establishing competitive advantage: Customer-driven and technology-driven

Next I would like to discuss two concepts which are key to determining how much of a competitive advantage we can establish in each business field.

The first is that we must ensure our operations are customer-driven, and therefore strengthen our implementation of the One Mizuho strategy. Mizuho is the only financial group in Japan to offer a full line-up of banking, trust banking, and securities functions through wholly owned subsidiaries, enabling us to respond seamlessly to customers' needs and to implement the One Mizuho strategy of group-wide collaboration that is one of our greatest strengths.

In order to further enhance this strength, we must not only increase collaboration within the group but also ensure that each pillar of our business (banking, trust banking, securities, asset management, etc.) are a formidable presence in their respective industries.

Through a combination of intra-group collaboration and competitiveness in each industry, we can enhance the One Mizuho strategy to a level where it cannot be replicated by our competitors.

Some of the other ways that we will seek to enhance the One Mizuho strategy are to improve business literacy throughout the group and to make our strategies and initiatives more transparent and qualitative, ensuring that we have a firm grasp on the true nature of situations.

The second concept that is key to establishing competitive advantage is to be technology-driven. There is a lot of untapped growth potential in the finance industry in terms of adopting new technologies. Finance connects people's lifestyles with broader global economic activity, and therefore there are significant potential applications for the data and information resources which financial institutions handle on a day-to-day basis. When adopting new technologies, not only should they provide our customers with enhanced convenience and higher added value, but we also must consider how the technology specifically ties into our business and how to monetize it.

Technology is also the key to improving the efficiency of traditional finance industry elements such as operations, branches, and staffing.

At Mizuho, we are proactively working in partnership with major vendors and Fintech companies with the aim of creating new business and providing highly convenient services which are more closely aligned to customers' needs.

Going forward, we will incorporate technology more directly into our business strategies and aim to cultivate it as a pillar of our business. To accelerate these efforts, we will need to enhance IT literacy on the business side of our organization and enhance business literacy on the IT side of our organization.

This is only the start of our push into the technology field. As new fields gain relevancy for our customers, we must be always a step ahead, cementing these new fields as significant strengths for Mizuho. To achieve this goal, we must urgently pursue a new finance business model which is technology-driven and more effective, efficient, and more convenient for customers.

### Fundamental structural reforms

#### Reflecting on fiscal 2017

I would next like to reflect on some of the issues that we need to address in order to achieve the business transformation we are aiming for.

Reflecting back on fiscal 2017, the business environment proved to be challenging as the Bank of Japan continued to implement a negative interest rate policy and the period between US interest rate hikes was longer than anticipated. However, we were able to achieve Profit Attributable to Owners of Parent of ¥576.5 billion, surpassing our fiscal year target of ¥550 billion, due to factors such as increased fee-related revenue (non-interest income) in customer divisions, a reversal of credit related costs, and profit from the sale of cross share-holdings. On the other hand, strengthening our earnings power is a remaining issue we must address, as evidenced by other results such as the decline in Consolidated Net Business Profits.

Given the challenging environment in terms of revenue growth, and considering the major structural changes occurring in the economy and society, we announced in November 2017 a plan for implementing fundamental structural reforms with a view to securing competitive advantage in the future and ensuring the group's sustainable growth over the next ten years and beyond. As part of these reforms, we will aim to further develop the One Mizuho strategy by incorporating powerful, advanced technology into our business through open innovation. For example, we will aim to increase Gross Profits by actively pursuing collaborative partnerships with other companies, including those outside the financial industry, to create new business opportunities. Secondly, we will optimize our organizational structure and staffing levels as well as restructure our customer channels as a means of strengthening cost competitiveness and enhancing productivity. (For an overview of the fundamental structural reforms, see page 33).

I want to emphasize that decreasing expenses through a reduction in the number of personnel and branches is not the objective of these fundamental structural reforms, but rather we must undertake these reforms in order to strengthen our fundamental

earnings power. What kind of financial group we are seeking to become by implementing these fundamental structural reforms, or in other words, what our vision is for Mizuho at the end of this process, is something that we must clearly define and communicate to our customers, shareholders, employees, and other stakeholders. Their understanding and support of this process is essential.

In fiscal 2017, we made headway on a number of initiatives, including shifting personnel in Japan from Head Office to the frontlines, and expanding our scope of risk-taking. In the second half of the fiscal year, we began to see results, such as improved performance year-on-year, primarily in customer divisions. To maintain this momentum, we will include specific initiatives and numerical targets in the next medium-term business plan and fiscal year business plans.

**Initiatives for fiscal 2018**

Fiscal 2018 marks the official start of the fundamental structural reforms, and we are looking to make a strong start on the reforms which can be implemented immediately.

In terms of optimizing our organizational structure and staffing levels, we will aim to eliminate or reallocate around 1,300 positions, primarily at Head Office (including Head Office departments located outside Japan) and group companies. Of those positions, around 600 will be shifted to the front office or other priority areas, and around 700 will be eliminated through methods including limits on hiring based on a medium- to long-term perspective.

As for IT system transformation, our top priority is ensuring a stable migration to our next-generation IT system. With the

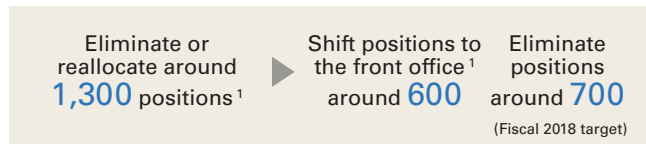
introduction of the next-generation IT system, the three legacy systems we currently use in Japan will become unified under a single system which is leaner and more efficient. This new IT system is structured by operation/function type, which will lead to reduced development periods and costs following the migration, in addition to improving processing times by utilizing a cutting-edge core banking system. The system migration will cause some inconvenience to customers, including eight scheduled periods of downtime for online services in 2018, but the next-generation IT system will form a crucial part of our business foundations and better enable us to implement the fundamental structural reforms. Therefore, we have set it as a top management priority and are approaching the migration with significant care. In addition to the next-generation IT system, we will centralize or integrate other IT systems and revise system development processes with the aim of increasing efficiency.

In terms of restructuring our customer channels, in addition to the 11 branches already closed prior to fiscal 2018 we plan to close another 8 during the fiscal year, for a total of 19 towards our target of 100 as part of the fundamental structural reforms (a 20% progress rate).

In order to strengthen our earnings power, we will shift risk assets from areas we are scaling back from and plan on allocating ¥1.8 trillion in risk assets to focus areas. While remaining cautious of volatility in the global economy, we will aim to proactively take on appropriate risk. Technology and data can also be leveraged both to enhance operational processes, and therefore increase productivity, as well as for the creation of new business. We will develop specific initiatives for achieving these aims and preparing for what the future may bring, including by working in partnership with external organizations.

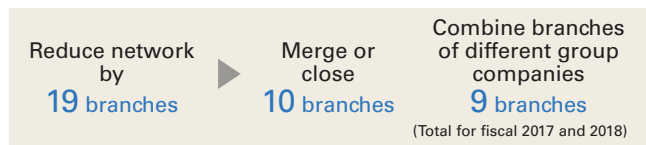
**Fundamental structural reforms to be started/implemented in fiscal 2018**

**1 Optimize our organizational structure and staffing levels**



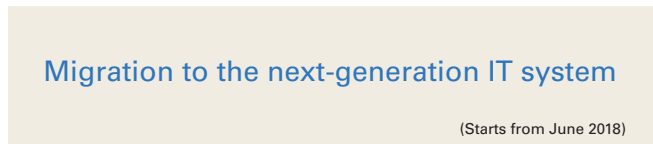
- Consolidate back office operations and streamline Head Office operations in and outside Japan
- Retrain and shift personnel to the front office
- Put limits on hiring based on a medium- to long-term perspective

**3 Restructure customer channels**



- Launch a hub-and-spoke model pilot program
- Initiate or further develop business partnerships with local banks

**2 Transform IT systems**



- Consolidate and integrate IT systems (information systems, treasury & capital markets systems, etc.)
- Transform IT operational processes (e.g. automate system operations and tests)

**4 Strengthen earnings power**



- Expand the scope of risk-taking (PI<sup>2</sup>, US non-IG<sup>3</sup>, etc.), focus on areas with growth potential (asset/business succession, S&T<sup>4</sup>, etc.)
- Balance risk-taking and credit management

1. Total for fiscal 2017 and 2018 2. Principal investment 3. Non-investment grade 4. Sales and trading

## Message from the Group CEO



In fiscal 2018, not only will we implement these fundamental structural reforms, but as the final fiscal year of the current medium-term business plan, we will also work to complete the measures outlined in the plan. In order to ensure the long-term stability of our business and enable us to “go on the offensive”, we must achieve the targets set out in our medium-term business plan concerning our Consolidated Common Equity Tier 1 (CET1) Capital Ratio and reduction in cross-shareholdings, both indicators of financial soundness. However, unfortunately we anticipate not being able to meet some of the targets in the plan, such as the group expense ratio target, due in part to changes in the business environment beyond the scope considered likely at the time the plan was formulated. This is one reason why we view increasing our fundamental earnings power as a crucial endeavor.

### We need to transform our corporate culture

In order to achieve the fundamental structural reforms and realize our vision for Mizuho, we must become an organization that is capable of reaching such ambitious goals.

Reflecting on current corporate culture in the Japanese finance industry, perhaps due in part to the highly regulated nature of the industry, or perhaps because organizations tend to go on the defensive when faced with a challenging business environment, we are often not forward-looking, and as a result, have a tendency to be overly orthodox and risk-averse.

At the same time, the industry is undergoing major structural changes and the competition is becoming fiercer, so business opportunities are more contingent than ever on taking on risk. We must enhance our business/market literacy and ability to obtain relevant information, determine which risks we should take as a financial institution, and be proactive and committed to taking on those risks. In that sense, what we truly need to do to become more competitive is to transform employee mindsets and our corporate culture.

With this in mind, as we pursue our vision for Mizuho going forward, everyone throughout the group will need to think beyond their current role, consider what role they should fulfill in order to ensure that Mizuho thrives in the coming era, and be passionate about doing what is necessary in order to fulfill that role. As the world changes, we want our people to meet these changes head-on and be motivated and passionate about taking on new challenges. Just as importantly, we must cultivate a corporate culture where everyone is encouraging and supportive of those with the courage to try something new.

I believe that communication is the key to achieving this. No matter how large an organization is, people must be able to connect with others outside of their direct area of work and have constructive discussions and open exchanges of ideas and opinions. These daily interactions create a spirit of camaraderie. That is what makes an organization truly strong.

We will seek to make further progress on the fundamental reforms in HR management which we introduced, including HR management which respects the individual; promoting the active participation of women, non-Japanese nationals, and other members of our diverse workforce; and work style reforms which enable more diverse and flexible work arrangements. Additionally, we are committed to transforming Mizuho's corporate culture, including by changing employee mindsets and encouraging people to take on new challenges.

### Continually pursuing effective corporate governance

In order to meet the expectations of our many different stakeholders and to sustainably enhance Mizuho's corporate value, it is essential that we continually pursue effective corporate governance.

In fiscal 2014, Mizuho transitioned to a “company with committees” model of corporate governance, and by separating



supervision and business execution roles, we were able to speed up the decision-making process. Additionally, this has enabled more effective supervision of executive management, including more transparent and fair executive compensation and appointments as the Nominating Committee and other committees, which are primarily composed of independent directors, are responsible for these decisions. In fiscal 2017, we made a number of enhancements to our corporate governance framework. In addition to the Chairman of the Board of Directors being an independent director, we have now appointed an independent director to the chairman positions for the three legally required board committees. Also, our three core group companies transitioned from a “company with a board of company auditors” to a “company with an audit committee” model of corporate governance.

Going forward, we will continue to be a model of strong corporate governance in Japan in addition to proactively implementing global best practices, making every effort to continually pursue effective corporate governance as befitting a global financial group.

### Contributing to the sustainable development of society

Our Corporate Philosophy, which forms the basis of Mizuho’s corporate activities, articulates our commitment to creating lasting value for our customers and the economies and communities in which we operate.

We established this Corporate Philosophy in 2013 and at the time we considered Mizuho’s history, the feedback of internal and external stakeholders, and the elements that we believed would be necessary for thriving in the finance industry going forward. We reaffirmed that one of Mizuho’s most valuable assets is our long history of contributing to the cultivation of Japanese industry and the sound development of the economy and the communities in which we operate. Therefore, our Corporate Philosophy embodies our commitment to continuing to contribute to the sound development of economies and communities around the world.

Additionally, in the annual survey of employees that we conduct, a consistently high number of respondents select “cares about what is best for society/the public” to describe Mizuho’s corporate culture, showing that many of our employees feel that this is a priority for us as an organization.

As I mentioned at the beginning of this message, as the economy and society undergo structural changes, a variety of social issues are materializing. In Japan, the need to respond to population decline and revitalize local economies, and on a global scale, the need to respond to climate change and human rights issues, are pressing concerns. The United Nations has developed the Sustainable Development Goals (SDGs)\* to address such issues, and is calling on not only governments but also companies and investors around the world to work towards realizing these goals. Additionally, investors are showing an increasing interest in environmental, social, and governance (ESG) factors. Therefore, expectations are higher than ever regarding companies’ contribution to society’s sustainable development.

These expectations are in line with those we already hold ourselves to, as outlined in our Corporate Philosophy. We aim to interpret these changes occurring in the economy and society in the context of medium- to long-term risk and opportunity. We proactively work towards solving social issues by drawing on our unique capabilities as a financial group, and we ensure that our business activities are environmentally responsible and respectful of human rights, all of which ultimately enhances our corporate value.

Our efforts in these areas have been recognized in a number of ways, including through selection for multiple sustainability indices. We are keenly aware of the importance of having the finance industry actively involved in solving social issues, including those identified in the SDGs, and we plan on further incorporating these objectives into our business strategies as a means of proactively contributing to the sustainable development of society.

\*The SDGs were announced in September 2015 as part of the United Nation’s “Transforming our World: the 2030 Agenda for Sustainable Development”, composed of goals that the world should aim to address between 2016 and 2030.

### Conclusion

In Mizuho’s long history spanning over 100 years, we have been an integral part of economies and communities around the world, contributing to their development. As a united group, we will aim to continue to contribute to the sustainable and stable growth of our broad customer base and sound economic and social development throughout the world. To do so, every member of Mizuho must be aware of our proud history and be committed to ensuring that Mizuho continues to fulfill our important role in the coming era, as well as make every effort to provide the highest quality financial services.

We are committed to making Mizuho a stronger and more resilient financial group by ensuring that our shareholders, customers, the local communities in which we operate, and our many other stakeholders, understand and support our vision and initiatives, and ensuring that we are an organization which people can trust and depend on.

We appreciate your continued support and will do everything in our power to exceed your expectations.

July 2018



**Tatsufumi Sakai**

Member of the Board of Directors  
President & Group CEO  
Mizuho Financial Group, Inc.

## Message from the Group CFO



Establishing a stable profit structure and robust financial base, taking appropriate risks, and providing optimal solutions in order to contribute to the sustainable growth and development of our customers and society as a whole

**Makoto  
Umemiya**

Member of the Board of Directors  
Managing Executive Officer  
Head of Financial Control &  
Accounting Group (Group CFO)

### Mizuho's financial management principles

At Mizuho, as a financial services consulting group, we aim to contribute to the sustainable growth of our diverse range of stakeholders, particularly our customers, the economies and industries of Japan and countries around the world, and our shareholders.

To achieve this, our fundamental approach to financial management is to establish a stable profit structure and a robust financial base that can withstand changes in the business environment, and to fulfill our sound risk-taking function to help our customers, local economies, and industries realize growth.

### Overview of fiscal 2017

In fiscal 2017, the global economy and the Japanese economy both experienced steady growth. However, Mizuho's Consolidated Gross Profits of ¥1.9153 trillion represent a decrease of 8% year-on-year, due in part to factors such as a reduction in Net Interest Income as a result of continued negative interest rates in Japan, a reduction in non-Japanese bond carry income, which is reliant on US rate hikes, and the need to take additional steps to ensure the soundness of our bond portfolio by eliminating a certain amount of unrealized losses.

Also, although we enhanced our expense discipline, we experienced about a 1% increase in General and Administrative Expenses, amounting to ¥1.4889 trillion. As a result, our Consolidated Net Business Profits, which represent our fundamental earnings power, have declined around 30% year-on-year to ¥457.8 billion. As we expect this challenging business environment to continue, strengthening our earnings power is essential.

At the same time, in terms of Credit-Related Costs, we achieved ¥156.3 billion in profit as a result of a reversal of Reserves for Possible Losses on Loans. As for Net Gains/Losses Related to Stocks, we achieved ¥272 billion in profit by promoting the disposal of cross-shareholdings and by booking Net Gains Related to ETF in the markets division. As a result of these efforts, we achieved Profit Attributable to Owners of Parent of ¥576.5 billion, surpassing our projection of ¥550 billion, although representing a reduction of around 4% year-on-year.

Our Common Equity Tier 1 (CET1) Capital Ratio<sup>1</sup>, which is one of the key indicators of capital adequacy, was 10.15%, displaying a steady increase and meeting our medium-term business plan target (approx. 10% as of March 2019) a year ahead of schedule.

### Outlook for fiscal 2018 and progress on the medium-term business plan

As the negative interest rate environment is likely to continue in Japan throughout fiscal 2018, we expect a further reduction in domestic Net Interest Income. However, we will aim to make up for this decrease through a number of efforts

such as increasing Non-interest Income through our One Mizuho strategy, enhancing our risk-taking capabilities, and increasing productivity by optimizing operational processes. Our goal is to achieve Consolidated Net Business Profits (including Net Gains Related to ETFs) of ¥700 billion, a year-on-year increase of ¥160 billion, as an indicator of our earnings power.

As for Credit-Related Costs, in fiscal 2017 we booked significant profit from temporary factors, and in fiscal 2018 we expect a reduction in profit in these areas, resulting in around ¥20 billion in expenses. We will therefore aim to achieve a similar level of Profit Attributable to Owners of Parent as in fiscal 2017 (¥570 billion).

The current operating environment is more challenging than what we anticipated when formulating the current medium-term business plan, and therefore we are aiming to “go on the offensive” in fiscal 2018, working to steadily increase our earnings power. Unfortunately, given the current situation it will be difficult for us to achieve certain targets, such as profit targets and expense ratio targets. However, we are on track to achieve our targets in terms of CET1 Capital Ratio<sup>1</sup> and disposal of cross-shareholdings, which are central to our strategy of going on the offensive.

■ FY2017 Profit Attributable to Owners of Parent

¥576.5 billion



-¥26.9 billion (year-on-year)

■ FY2017 Consolidated Net Business Profits

¥457.8 billion



-¥205.5 billion (year-on-year)

### Financial targets for FY2018

**Group expense ratio<sup>3</sup>** Initial target around 60% ▶ **FY2018 target Higher end of the 60 - 70% range**

**Disposal of cross-shareholding** ¥550 billion<sup>4</sup>

**Fiscal year progress towards medium-term business plan targets**

	FY2015	FY2016	FY2017
CET1 Capital Ratio <sup>1</sup>	8.77%	9.27%	<b>10.15%</b>
Consolidated ROE <sup>2</sup>	10.0%	8.5%	<b>7.7%</b>
RORA (Profit Attributable to Owners of Parent)	1.0%	0.9%	<b>0.9%</b>
Expense ratio <sup>3</sup>	60.0%	66.0%	<b>72.1%</b>
Cross-shareholdings disposal <sup>4</sup>	¥115.7 billion reduction	¥275.3 billion reduction	<b>¥398 billion reduction</b>

1. Basel III fully-effective basis (based on current regulations), excluding Net Unrealized Gains on Other Securities  
 2. Excluding Net Unrealized Gains on Other Securities  
 3. Group aggregated  
 4. Shares listed on the Japanese stock markets, acquisition cost basis, cumulative amount from FY2015 to FY2018

# Message from the Group CFO

## Establishing a stronger financial position

### Fundamental structural reforms

The objective of the fundamental structural reforms which we announced in November 2017 is to secure competitive advantage in the future and ensure the group's sustainable growth over the next ten years and beyond. As mentioned in the Message from the Group CEO, these reforms are not merely a cost-cutting measure, but rather a plan for enhancing our earnings power. However, as the CFO, my focus will be on the expense discipline aspects of these reforms. By optimizing our organizational structure and staffing levels, transforming our IT systems, and restructuring our customer channels, we aim to reduce our expense level by around ¥100 billion by the end of fiscal 2021, and by around ¥150 billion by the end of fiscal 2024 (excluding amortization expenses related to the next-generation IT system). Fiscal 2018 marks the start of these fundamental structural reforms and we intend to make a strong start on those which can be implemented immediately. (See page 33 "Fundamental structural reforms").

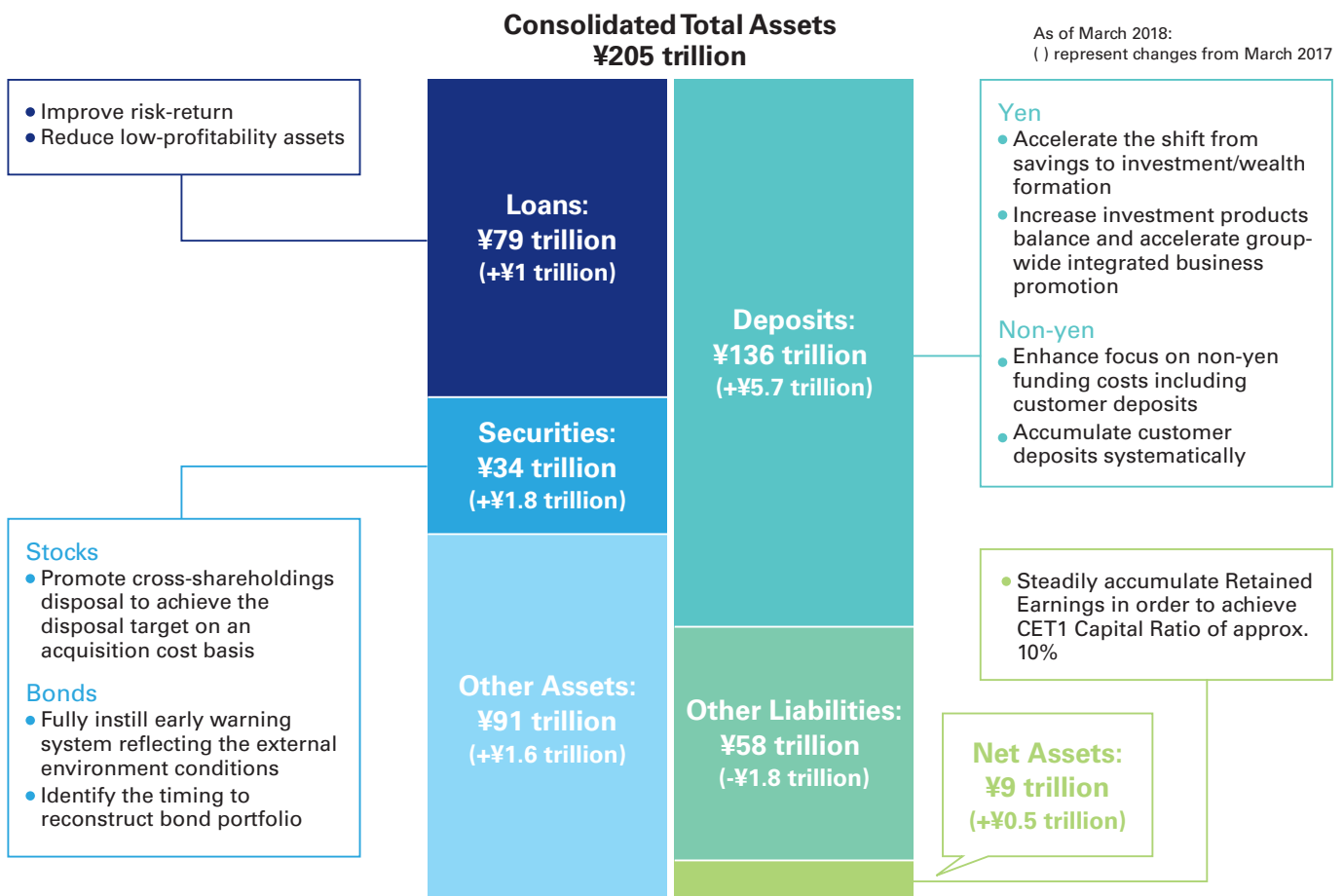
### Controlling the balance sheet strategically

We have achieved a CET1 Capital Ratio of 10.15%, meeting the target set in our current medium-term business plan a year in advance. However, based on the finalized Basel III reforms which include revisions to the risk measurement method and other rules, published by the Basel Committee on Banking Supervision in December 2017, our estimated\* CET1 Capital Ratio will be in the 8 to 8.5% range, and therefore we need to continue to accumulate capital. In light of this situation, it is essential that we utilize the balance sheet efficiently and increase our profitability. Specifically we need to flexibly reallocate assets from low-return to high-return areas and from areas we are scaling back or eliminating to areas we want to focus on, with the aim of creating a more robust and profitable business portfolio.

\* Fully-effective basis. When calculating the estimated CET1 Ratio based on the new regulations, risk-weighted assets associated with Net Unrealized Gains on Other Securities (stocks) are excluded.

### Balance sheet control initiatives for fiscal 2018

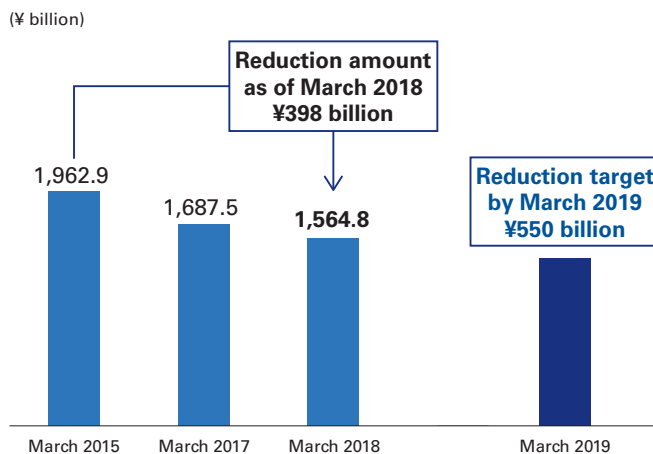
Strengthen balance sheet control to enhance resilience toward changing external environment and tightening regulations



### Disposal of cross-shareholdings

Regarding cross-shareholdings, we assess the meaning of holding based on criteria such as profitability in light of capital costs, and unless we consider these holdings to be meaningful, Mizuho Financial Group and our core subsidiaries will not hold the shares of other companies as cross-shareholdings. In order to maintain a stable financial base, it is essential that we reduce share price fluctuation risk to an appropriate level as it has a significant impact on our financial situation. For the period from March 31, 2015 until March 31, 2019 (the end of the current medium-term business plan), our target is a reduction of ¥550 billion in the book value of cross-shareholdings. In fiscal 2018 we plan to dispose of the remaining ¥152 billion in cross-shareholding required for meeting our target.

#### ■ Progress towards cross-shareholdings disposal targets<sup>1</sup>



1. Shares listed on the Japanese stock markets, acquisition cost basis

## Financial management to support sustainable growth

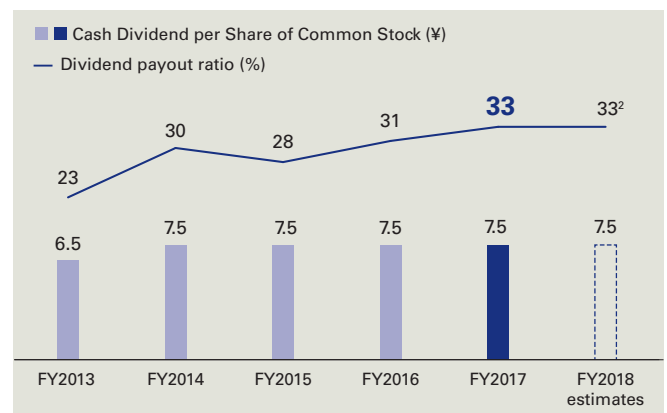
### Capital adequacy and return to shareholders

A stable and sufficient level of equity capital is essential to ensuring Mizuho's sustainable growth and our ability to meet the expectations of stakeholders by maintaining our financial soundness and fulfilling our role as a financial intermediary even during times of economic downturn. At the same time, we understand the importance of our obligation to provide returns to our shareholders and investors. Therefore, Mizuho continues to carry out a disciplined capital management policy which maintains the optimal balance between ensuring capital adequacy and providing steady returns to shareholders.

To strengthen Mizuho's capabilities for coping with changes in the business environment, including trends in global financial regulations, we will work to build a stable capital base to a level that is comparable with competing financial groups.

As for our policy to return profits to shareholders, we have implemented a steady dividend payout policy setting a dividend payout ratio on a consolidated basis of approximately 30% as a guide for our consideration. Based on this policy, we have decided to make cash dividend payments ¥7.50 for fiscal 2017. Going forward, we will continue to aim to realize steady returns to shareholders.

#### ■ Steady return to shareholders



2. Assuming Profit Attributable to Owners of Parent for FY2017 of ¥570 billion

## Message from the Group CFO

# Communication with shareholders and

At Mizuho, disclosing information to our shareholders and investors in a fair, timely, and appropriate manner is a top priority. In line with our Disclosure Policy, we actively promote dialogue with our shareholders and investors.

We aim to provide many opportunities for shareholders and investors to learn more about our management strategy, corporate governance, and other relevant topics directly from Mizuho's management. Such opportunities include the General Meeting of Shareholders and a variety of informational sessions and IR briefings. We are also actively promoting dialogue with our investors outside Japan by providing timely information in English, holding IR briefings outside Japan, having a dedicated IR representative located in New York, and implementing a number of other initiatives.

## Continued dialogue

■ Initiatives in fiscal 2017

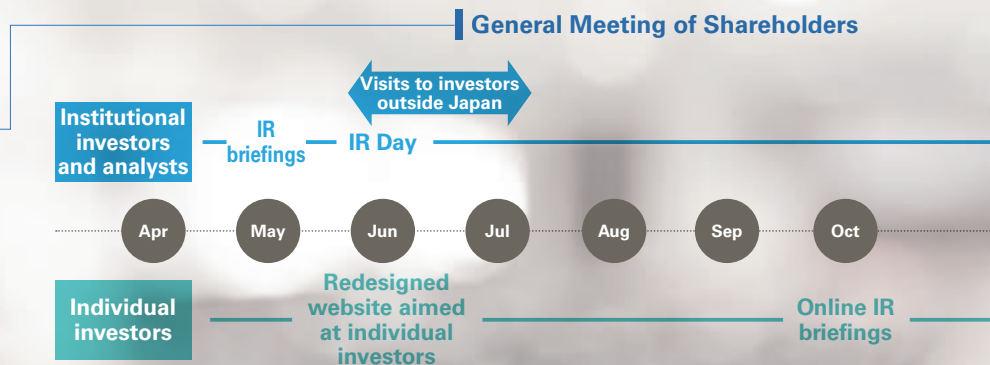
### General Meeting of Shareholders



Every year we hold the General Meeting of Shareholders in late June, selecting a date that does not overlap with other major events in order to make it as easy as possible for shareholders to attend.

Additionally, the meeting invitation includes a business report (in both Japanese and English) and is posted more than a month in advance of the date of the General Meeting of Shareholders.

In 2018 we held the 16th regular General Meeting of Shareholders on June 22 at Tokyo International Forum and 2,246 people attended. A video summary of the General Meeting of Shareholders is available on our website.



### Institutional investors

We hold an online conference, IR briefing, and other informational sessions after announcing our financial results and these explanations are also available in video format on our website.

IR Day, our briefing for investors about our business strategies in each division/in-house company, is a regular event we have been holding since 2012. In Japan, Mizuho was the first in the industry to hold this type of event. Based on requests from investors, from 2015 we also added an explanation from independent directors and a question & answer session to this event. From 2015 to 2017 the presenter was Hiroko Ota, the Chairman of the Board of Directors, and in 2018 it was Tetsuo Seki, the Chairman of the Audit Committee. Please see our website for a summary of the presentation and the question & answer session. We also provide a range of other opportunities for sharing information and creating dialogue, including regularly hosting "IR Select" events which cover specific topics that are of interest to investors.

IR briefings



IR Day



# investors

(total number, rounded)

Direct meetings with institutional investors	700 (260 investors outside Japan)	By senior management	220 (60 investors outside Japan)
		By IR Dept.	480 (200 investors outside Japan)

Visits to investors outside Japan

IR briefings



## Individual investors

We are working to make our website targeting individual investors easy to navigate and understand, having made a number of changes to enhance ease-of-use and simplify information such as adding a one-click chart generator that illustrates financial results.

In 2015, we became the first Japanese megabank to provide online IR briefings where investors can communicate directly with the CFO and we continue to offer these opportunities. In fiscal 2017, around 3,000 individual investors in total viewed these sessions (including live and recorded viewings).

### Website targeting individual investors



### Online IR briefings



## Constructive dialogue

In addition to opportunities such as the General Meeting of Shareholders and IR briefings, we hold direct meetings with investors to discuss our business strategy, corporate governance, General Meeting of Shareholders agenda items, and a range of other topics.

### Business strategy

As part of the process for formulating the fundamental structural reforms which we announced in November 2017, we collected feedback from investors at IR briefings, direct meetings, and other forums and shared this feedback with Mizuho's executive officers and senior management for their consideration.

Also, after announcing the structural reforms we initiated dialogue with investors to explain our rationale for these reforms and to collect additional feedback.

### Appointment of the new Group CEO

An explanation of the process for selecting the new Group CEO (announced in January 2018), including the recommendations of the Nominating Committee, was provided in the following materials. (An explanation is also included in this Integrated Report. See page 77 "Succession planning".)

Invitation to the General Meeting of Shareholders

Corporate Governance Report

### Proposals by shareholders at the General Meeting of Shareholders

At the General Meeting of Shareholders held in June 2017, shareholder proposals which our Board of Directors voted against but which received a high percentage of votes in favor at the General Meeting of Shareholders were delegated for further deliberation by the Board of Directors and their thinking on these matters was then publically disclosed. Additionally, the letter to shareholders sent after the announcement of first-half financial results was designed in a question & answer format in order to make the explanation easier to understand.

In fiscal 2018, we will aim to further engage investors in dialogue in order to reflect their feedback into our business, including into the formulation of our next medium-term business plan. We truly appreciate your continued support and guidance.

## Medium-term business plan progress

In fiscal 2016, Mizuho began to implement its three-year medium-term business plan, entitled Progressive Development of “One Mizuho” – The Path to a Financial Services Consulting Group.

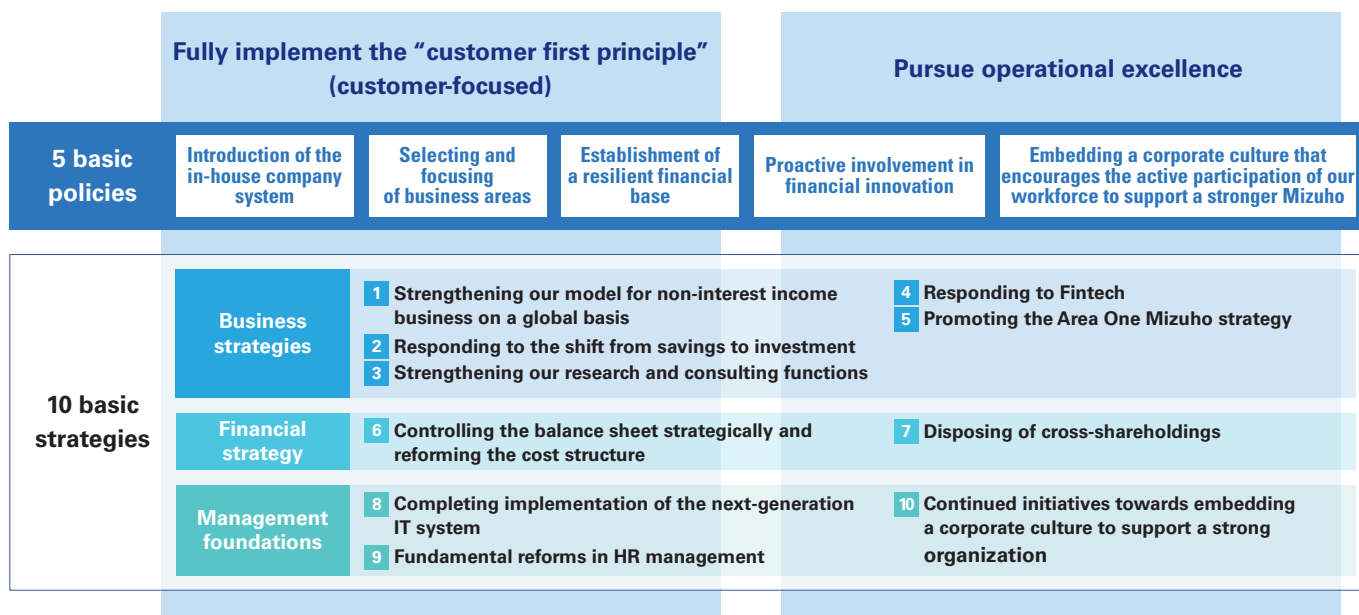
Under the medium-term business plan, we will perfect the One Mizuho strategy by creating a new business model as a financial services consulting group. The two foundations for this effort will be the full implementation of the “customer first principle” promoted in the previous medium-term business plan and the pursuit of operational excellence. Mizuho has also defined 5 basic polices and 10 basic strategies with regards to business strategies, financial strategy, and management foundations.

Fiscal 2018 will be the final year of our current medium-term business plan, but, as the business environment is becoming increasingly challenging, it will be difficult to attain the Gross Profits target laid out in the plan. Also, our expense ratio target for fiscal 2018 is in the higher end of the 60 - 70% range, and therefore we expect to exceed our medium-term business plan target (approx. 60%). However, we are on track to achieve our targets regarding our Common Equity Tier 1 (CET1) capital ratio, reducing cross-shareholdings, and other key indicators.

### Mizuho's objectives

## Financial services consulting group

–The most trusted partner in solving problems and supporting the sustainable growth of customers and communities–



### Financial targets

	Targets for FY2018 in the medium-term business plan	FY2015 results	FY2016 results	FY2017 results
CET1 Capital Ratio <sup>1</sup>	approx. 10%	8.77%	9.27%	10.15%
Consolidated ROE <sup>2</sup>	approx. 8%	10.0%	8.5%	7.7%
RORA (Profit Attributable to Owners of Parent)	approx. 0.9%	1.0%	0.9%	0.9%
Cross-shareholdings disposal <sup>3</sup>	¥550 billion	¥115.7 billion	¥275.3 billion	¥398.0 billion
Proportion of Non-interest Income <sup>4</sup>	approx. 60%	54%	54%	58%
Expense Ratio <sup>5</sup>	approx. 60% <sup>6</sup>	60.0%	66.0%	72.1%

1. Basel III fully-effective basis (based on current regulations), excluding Net Unrealized Gains on Other Securities 2. Excluding Net Unrealized Gains on Other Securities 3. Shares listed on Japanese stock exchanges, acquisition cost basis, cumulative amount from FY2015 to FY2018 4. The scope of companies subject to aggregated management accounting has been changed since FY2017 (FY2015 results are unchanged) 5. Group aggregated 6. Our expense ratio target for fiscal 2018 is in the higher end of the 60 - 70% range, and therefore we expect to exceed our medium-term business plan target (approx. 60%).



## Fully implementing the “customer first principle” —introduction of the in-house company system

To thoroughly strengthen our “customer first principle” approach and to realize our goal of becoming a financial services consulting group, we have introduced a new in-house company system.

Specifically, Mizuho has established five in-house companies that formulate and implement group-wide strategies across banking, trust banking, securities, and other group entities, for each customer segment. Product and research functions have been reorganized into two independent units to enhance

expertise and promote utilization across all the in-house companies.

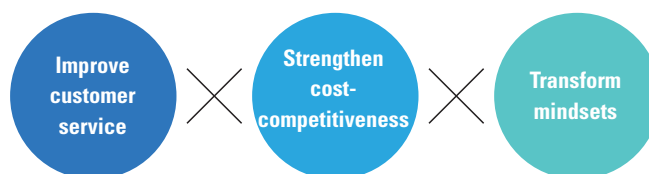
With the in-house company system as our base, we will work to strengthen relationships with our customers, and, by gaining a thorough understanding of their needs, we will proceed with the implementation of our One Mizuho strategy. By finding solutions to the issues confronting our customers, we will work to strengthen our earnings power.

## Pursuing operational excellence

In addition to differentiating our strategies through a focus on the “customer first principle”, we are pursuing operational excellence as a means of strengthening strategy implementation.

To accomplish this, we will thoroughly review our existing business processes, consolidate common operations and incorporate technological innovation (such as Fintech) and new ideas. In this way, we are aiming to improve operational efficiency and to enhance the value of our services by raising the sophistication of our operations.

We made steady progress on streamlining Head Office functions, improving operational processes using digital technology such as robotic process automation, and transforming employee mindsets. Going forward, we will fundamentally revise our business processes and change the way we go about our work.



Impact on expense reduction (compared to FY2015)	FY2016	FY2017	FY2018
	Results	Results	Target
	¥12 billion	▶ ¥38.5 billion	▶ ¥70 billion

## Selecting and focusing of business areas

As we determine which areas to focus on and which to streamline, we are flexibly allocating resources to targeted clients and markets, aiming to use our limited resources as effectively as possible, which will lead to improvement in earnings power.

In our areas of focus, we will expand our scope of risk-taking and our depth of commitment as we also begin to strengthen our position in new business and growth domains.

(rounded figures, ¥ billion)

FY2018 business strategy	
Retail & Business Banking Company	<ul style="list-style-type: none"> <li>Expand assets under management by strengthening our customer-focused business operations</li> <li>Strategically allocate RWA to focus areas such as customers' growth strategy and business succession</li> </ul> <p>RWA Streamline -30 → Focus +510</p>
Corporate & Institutional Company	<ul style="list-style-type: none"> <li>Expand scope of risk-taking (mezzanine / equity investment, asset finance)</li> <li>Strengthen investment banking (ECM<sup>1</sup>, M&amp;A) and real estate-related business</li> </ul> <p>RWA Streamline -320 → Focus +870</p>
Global Corporate Company	<ul style="list-style-type: none"> <li>Enhance the Global 300<sup>2</sup> strategy and enhance our standing, focus on transaction banking</li> <li>Expand scope of risk-taking (US non-IG<sup>3</sup> strategy, expand base of non-Japanese clients in Asia)</li> </ul> <p>RWA Streamline -50 → Focus +460</p>
Global Markets Company	<ul style="list-style-type: none"> <li>Optimize portfolio utilization by enhancing markets monitoring</li> <li>Allocate resources for sales &amp; trading through collaboration between Mizuho Bank and Mizuho Securities</li> </ul>
Asset Management Company	<ul style="list-style-type: none"> <li>Develop asset management products that contribute to the shift from savings to investment/asset building and support investment product vendors</li> <li>Provide comprehensive pension consulting services</li> </ul>

1. equity capital markets 2. Group of approximately 300 blue-chip companies around the world that Mizuho focuses on 3. Non-investment grade

Please see the following pages:

**P27 - 28** Establishment of a resilient financial base

**P35 - 36** Proactive involvement in financial innovation

**P91 - 95** Embedding a corporate culture that encourages the active participation of our workforce to support a stronger Mizuho

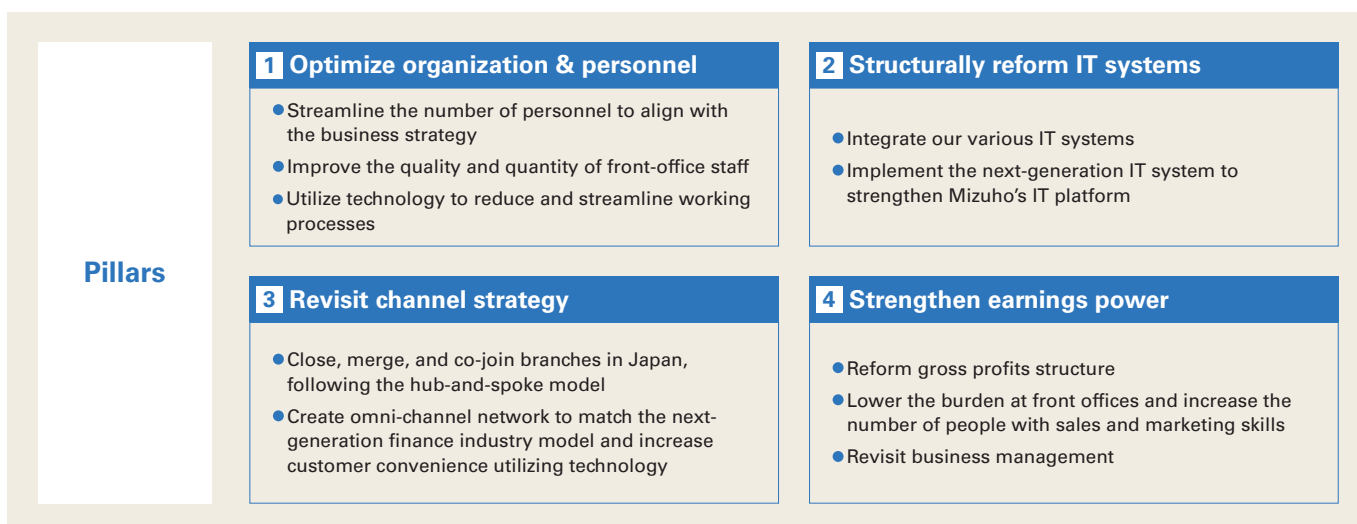
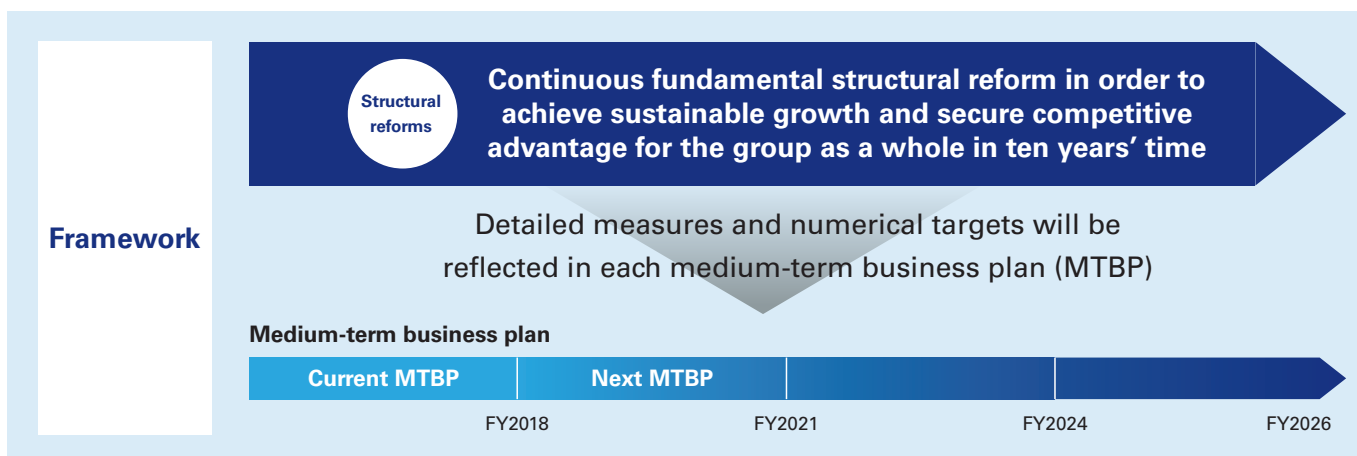
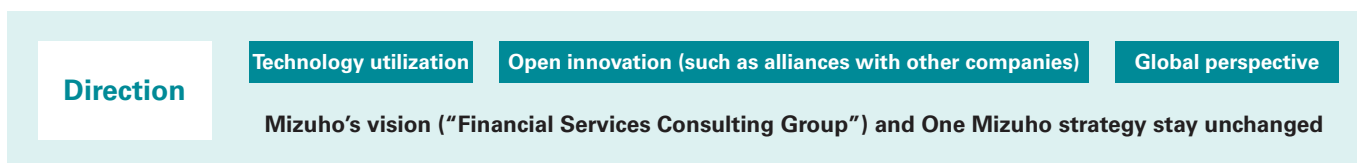
## Our fundamental structural reforms

The business environment continues to be challenging for financial institutions, and major structural changes to the industry are on the horizon. With this in mind, we are committed to implementing fundamental structural reforms with a view to securing competitive advantage in the future and ensuring the Mizuho group's sustainable growth over the next ten years and beyond.

As part of these reforms, we will aim to further develop the One Mizuho strategy by incorporating powerful, advanced technology into our business through open innovation. For example, we will aim to increase Gross Profits by actively pursuing collaborative partnerships with other companies, including those outside the financial industry, to create new business opportunities. Secondly, we will optimize our organizational structure and personnel levels as well as restructure our customer channels as a means of strengthening cost competitiveness and enhancing productivity.

The objectives of our fundamental structural reforms are not limited to reducing costs, but we are implementing measures to strengthen our fundamental earnings power. These reforms fall into four basic categories: (1) optimize organization & personnel, (2) structurally reform IT systems, (3) revisit channel strategy, and (4) strengthen earnings power. We will outline the specific measures and numerical goals in our medium-term business plan and in business plans for each fiscal year as we move forward with implementing the reforms.

### Overview of the fundamental structural reforms



## Optimize organization & personnel

As the adoption of new technology has made our operational processes more efficient, we are planning to reduce the number of personnel to a level that is the right fit for implementing Mizuho's strategies. We will achieve this by taking into account expected retirement and turnover in light of our current workforce composition, and taking measures such as optimizing hiring to achieve the right balance for the group as a whole. At the same time, we will seek to increase the number of front office personnel and enhance their capabilities through talent acquisition and development as well as by shifting personnel from the back office and Head Office to the front office.

## Revisit channel strategy

We are working to build an optimal and efficient office network, based on the hub-and-spoke model, by grouping offices into about 120 areas nationwide in Japan and designating some offices in core areas as "hub" offices and other offices as "spoke" offices with more focused offerings and lighter staffing. In parallel with this, we are also closing some offices and combining others for joint operations as appropriate. At the same time, with an eye to next-generation financial services, we are working to streamline our service channels by using technology to enhance both face-to-face and digital channels and increase convenience for customers.

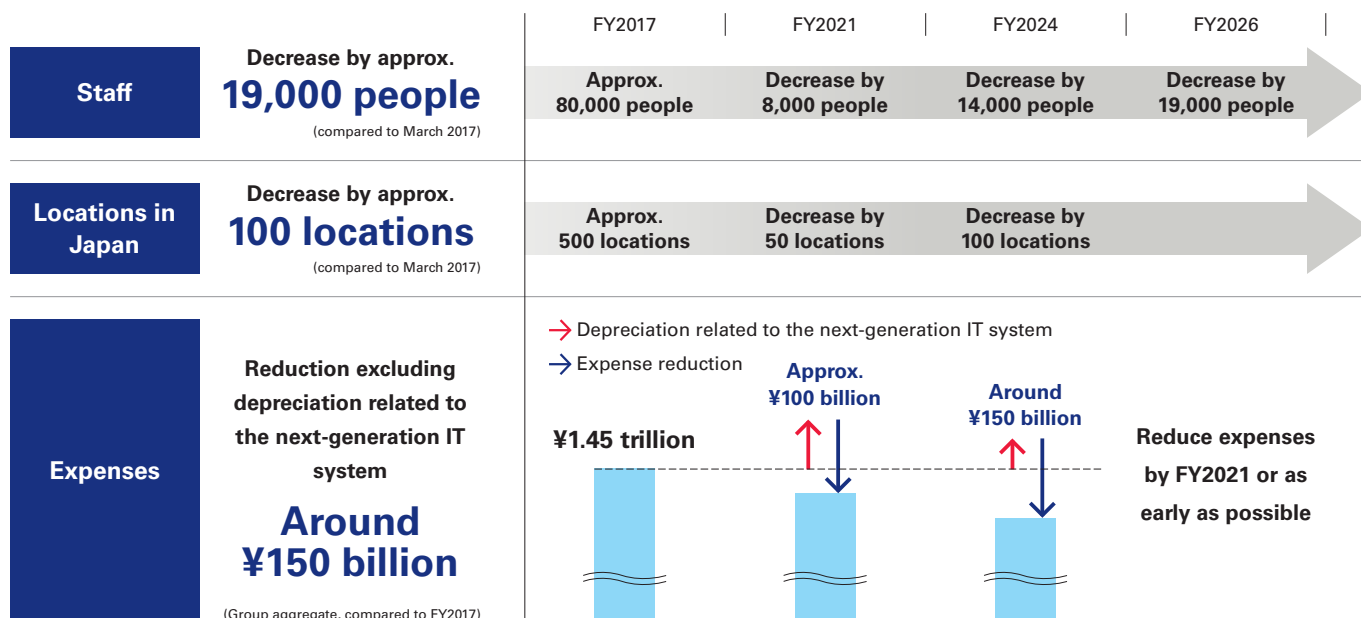
## Structurally reform IT systems

As we endeavor to integrate and consolidate IT systems, we are moving ahead with creating a strong IT base through the introduction of our next-generation IT system. By consolidating our legacy systems, we are reducing the cost of new system development and increasing the speed with which we can bring new products and services to market, as well as ensuring a more equal level of service at all offices/branches.

## Strengthen earnings power

As we expand our initiatives in growth domains and expand our scope of risk-taking, we are also working to revise our gross profits structure by utilizing advanced technology and pursuing collaborative arrangements with other companies outside the financial services industry. Another key objective is to streamline our Head Office organizational structure and business processes. We will achieve this by reducing the burden placed on the frontlines through the delegation of authority, speeding up credit screening, and other means, while also expanding the number of front office personnel and simplifying business processes. Through these efforts, we are transforming our revenue structure and strengthening earnings power.

### Quantitative image of the structural reforms



# Changing the future of financial services through digital innovation

Mizuho is using cutting-edge technology and collaborating with external organizations to provide more convenient services for our customers.

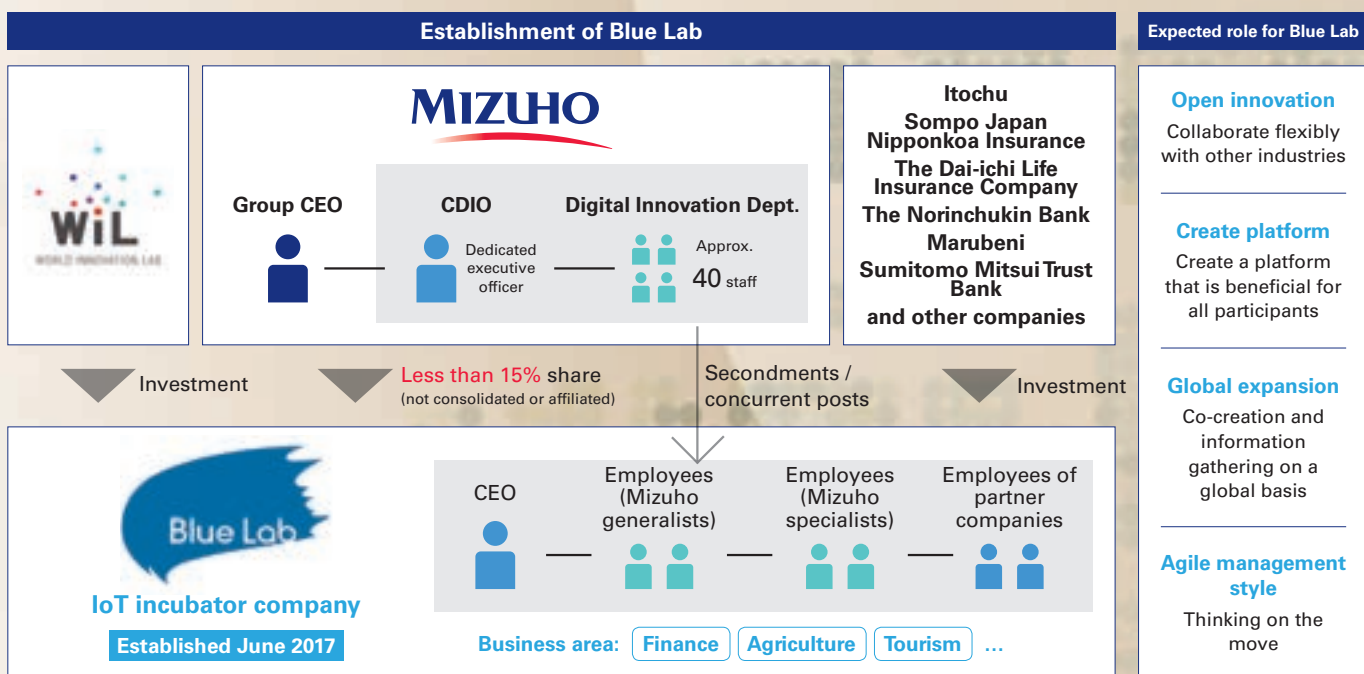
## Mizuho's initiatives

As a megabank, Mizuho has built a robust customer base and wealth of industry information and worked to develop strength in the areas of financial knowledge and technology. In the past, Mizuho's business has not always been viewed as strong when it comes to innovation, advanced technology, and assessment of a field's future business potential. In today's business environment, however, by collaborating with Fintech companies and major vendors that possess these strengths, Mizuho is working to create new business and provide more convenient services for our customers, and to enhance our brand image as a financial institution.

## Establishment of Blue Lab

To help develop and commercialize next-generation business models based on both Fintech and IoT technologies, we established Blue Lab with the WiL Group, a venture capital firm, and other partners in June 2017.

Mizuho's Chief Digital Innovation Officer (CDIO) was appointed as president of Blue Lab, and employees from our Digital Innovation Department were seconded or transferred to Blue Lab to create new platforms based on the concept of open innovation. This environment enables an agile management style which is particularly conducive to global expansion.



## Principal initiatives

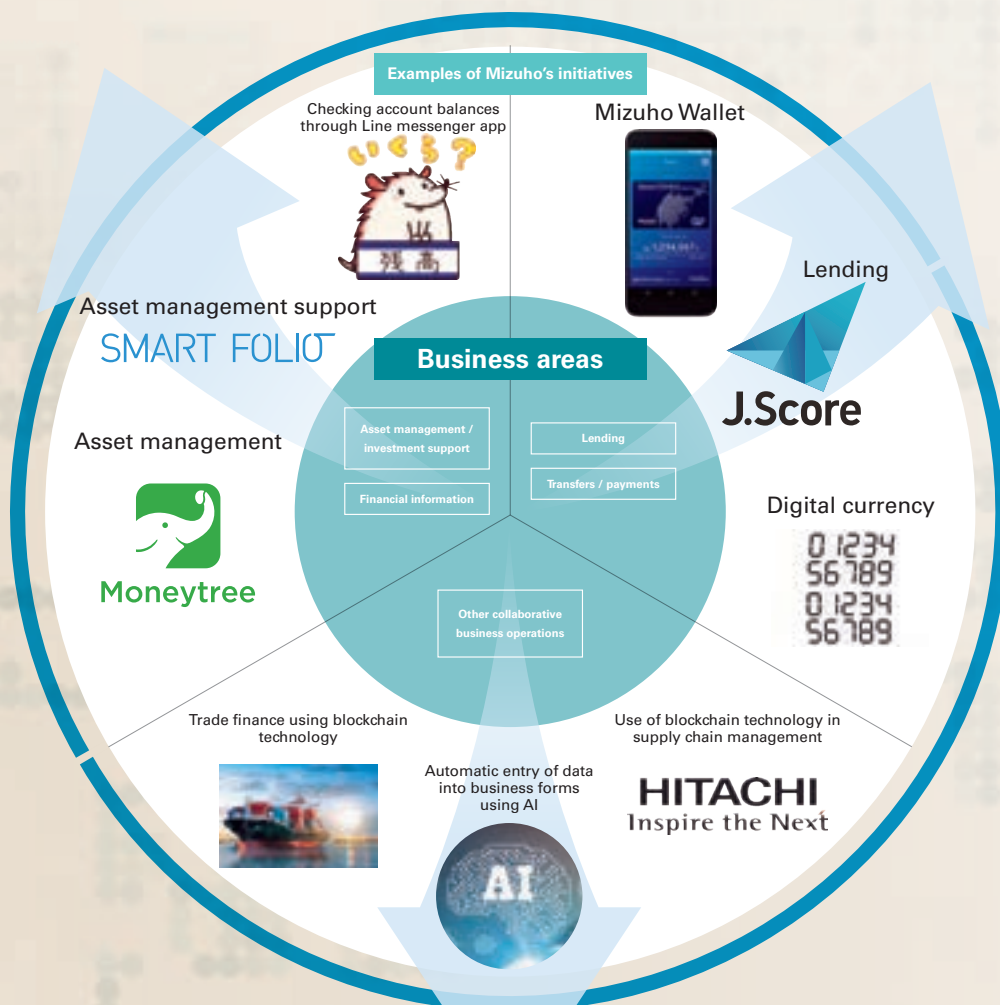
Activities to develop new business and optimize business processes, including building settlement platforms covering overseas transactions, developing of software for automating business tasks using artificial intelligence (AI) and Big Data, and applying blockchain with the aim of increasing operational efficiency in supply chain management (SCM) and trade finance.

### Utilizing technology

- Blockchain
- Artificial intelligence
- Big Data
- Robotics and other technology

## Expected effects

Creating new business ▶ Expanding profits




## Increasing sophistication of business processes ▶ Cost reduction

### Case 1

#### ■ J.Score

J.Score was set up in November 2016 as a joint venture by Mizuho and Softbank, and was launched to provide the first AI score-based consumer lending as a Fintech service in Japan.

In the six months since the beginning of operations, business has expanded steadily and J.Score has provided about 130,000 scores. Loans outstanding resulting from these scores total approximately ¥3.5 billion, as of the end of March 2018.



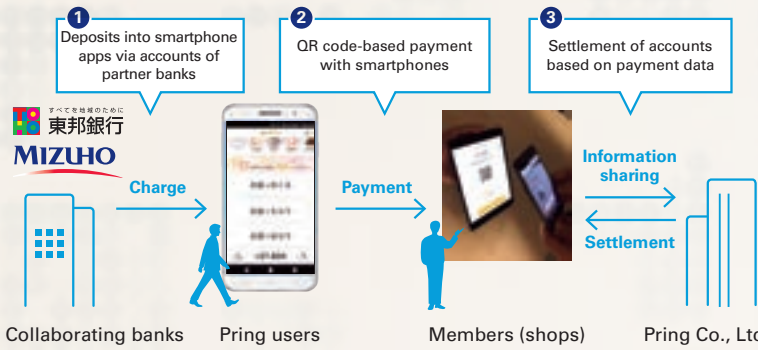
In addition, J.Score has continued to expand its cutting-edge services, including a tie-up with Yahoo! Japan for usage of information services (in June 2018), and release of a mobile application (in July 2018).

### Case 2

#### ■ Pilot test of cashless payments in Fukushima

Beginning in June 2018, Mizuho and Toho Bank started pilot testing the Pring payments app in Fukushima Prefecture with the aims of revitalizing the regional economy and promoting wider use of cashless payments to increase convenience for residents of the region.

- 1 Deposits into smartphone apps via accounts of partner banks
- 2 QR code-based payment with smartphones
- 3 Settlement of accounts based on payment data



# Sustainability

In order for Mizuho to increase its corporate value and fulfill its public mission, in addition to strengthening our financial base, it is indispensable for us to maintain and strengthen our business foundations, which include our brand, our people, and our relationships of trust with our customers and local communities. To do this, we position corporate social responsibility (CSR) initiatives as key corporate activities and we manage our business with consideration for the creation of value for a variety of stakeholders. In addition, we strive to ensure that each of our staff carries out his/her day-to-day work with an awareness of our social responsibilities and public mission. Also, we are seeking to address environmental, social, and governance (ESG) issues as part of our CSR initiatives.

We view the changes taking place in the economy and society in terms of medium- to long-term risks and opportunities and prioritize the issues we will address. We then incorporate initiatives to address these issues into our corporate strategy, and draw on the collective capabilities of the Mizuho group to provide solutions to social issues, including those identified in the Sustainable Development Goals (SDGs), in order to contribute to the development of a sustainable society and ultimately increase our corporate value.

For more details on these initiatives, please see our website: <https://www.mizuho-fg.com/csr/>

## Medium- and Long-term CSR Initiative Policy

### Core business

Strengthen efforts to promote businesses that contribute to the sustainable development of society

### Foundations

Reinforce the group's foundations that underpin activities in line with society's expectations

### Social contributions

Promote social contribution activities that take into consideration the needs of local regions and society

## Principal issues that Mizuho is addressing to achieve sustainable development

Issues	Social needs that are linked to the risks and opportunities we have identified	SDGs related to these issues
Sound economic growth	<ul style="list-style-type: none"> <li>Returning to fiscal soundness and revitalizing regional areas</li> <li>Building resilient infrastructure</li> <li>Increasing productivity through the application of new technology and innovation</li> </ul>	  
Declining birthrate and aging of the population, health and lengthening lifespans	<ul style="list-style-type: none"> <li>Business succession, technology succession</li> <li>Asset formation for individuals and transfer of assets to the next generation</li> <li>Securing a sufficient labor force</li> <li>Dealing with expansion in expenditures for medical treatment and care for the elderly</li> <li>Lengthening of the healthy lifespan</li> <li>Securing access to necessary services</li> </ul>	  
Innovation	<ul style="list-style-type: none"> <li>Using technological progress to transform existing business and create new business</li> <li>Nurturing innovative companies and those with new technologies</li> <li>Dealing with cyber attacks</li> </ul>	
Making work more worthwhile/fulfilling	<ul style="list-style-type: none"> <li>Promoting diversity and inclusion, and adopting Japan's work style reforms</li> <li>Talent development amid a changing operating environment</li> </ul>	  
Energy and the environment	<ul style="list-style-type: none"> <li>Ensuring a stable energy supply and preserving the environment</li> <li>Responding to the transition to a carbon-free society</li> <li>Preserving biodiversity</li> <li>Securing a stable food supply</li> </ul>	    
Respect for human rights	<ul style="list-style-type: none"> <li>Preventing/reducing negative impacts on human rights</li> <li>Creating an inclusive society</li> <li>Preventing money laundering and the financing of terrorism</li> </ul>	 
Alliances and collaboration	<ul style="list-style-type: none"> <li>Creating alliances and collaborative relationships with a diverse range of stakeholders</li> </ul>	



### Initiatives in FY2017

Environment/energy, infrastructure	Case examples	P 40,41,70
Health	Case examples	P 41,66
Revitalizing regional areas and economies	Case examples	P 50
Business succession	Case examples	P 46
Support innovative companies	Outline	P 45
Support the shift from savings to investment in Japan	Case examples	P 62
Create business and innovate by using new technology	Case examples	P 35,36,46, 58,62,70
Responsible investment and financing	Outline	P 42
Risk governance	Outline	P 79-84
Promoting employee engagement	Outline	P 91-94
Financial education	Results	P 14

### Priority initiatives in FY2018

- 1** Promote initiatives which take into consideration structural changes\* which impact our clients and society as a whole
  - \*United Nations sustainable development goals; low birthrate, aging society, and declining population; globalization; technological revolution; climate change, etc.
  - Provide products and services which contribute to solving environmental and social issues
  - Solve issues through open innovation and partnerships with companies outside the financial sector
  - Create new business and transform existing business by adopting new technologies
- 2** Strengthening our stance on responsible investment and financing
- 3** Strengthen our business foundations on a group-wide and global basis
  - Enhance our corporate governance
  - Establish a stronger corporate culture
  - Enhance our risk governance
  - Build a robust compliance framework
  - Strengthen our IT governance and system development framework
  - Enhance our response to human rights concerns
- 4** Promote the development and active participation of our diverse workforce
  - Promote diversity and inclusion
  - Proactive approach to promoting the health and wellbeing of employees, as well as creating a healthy work environment
- 5** Promote customer protection management and financial crime prevention
- 6** Efforts to reduce the environmental impact of our business operations
- 7** Continuous initiatives to promote financial literacy/education
- 8** Promotion of activities that consider the needs of the local community

# Sustainability

## Environmental and social initiative highlights

### Environment-related efforts

Addressing issues related to the global environment, starting with climate change, is a pressing challenge for all of humankind, and since the Paris Agreement, activities directed toward a carbon-free society are accelerating. We have established Policies for Environmental Initiatives and Environmental Targets, and are promoting environmental businesses and seeking to reduce the environmental impact of our business activities to support both economic development and environmental protection.

#### Response to climate change

We support the intent and aims of the Task Force on Climate-related Financial Disclosures\* (TCFD)'s proposals and will conduct initiatives based on the TCFD framework and work toward more advanced disclosure.

\*A task force led by representatives of the private sector, established in December 2015 based on recommendations from the Financial Stability Board in order to enhance the availability of corporate information related to climate change; issued final report in June 2017.

#### Governance

In formulating our FY2018 business plan (resolved by the Board of Directors), we have analyzed opportunities and risks related to social issues, including climate change, and planned out initiatives, and we continue to monitor and manage our progress on a regular basis. In April 2018, following deliberations by the Executive Management Committee, we established Policies on Specific Industrial Sectors for sectors such as coal-fired power generation. A report was also made in June 2018 to the Audit Committee on strengthening management systems for responsible investment and financing.

#### Strategy

Mizuho recognizes the following risks, opportunities, and impacts on business activities related to climate change, and based on this will actively promote financial products and services that help mitigate climate change, or facilitate adaptation to it, including financing for renewable energy projects and issuance of green bonds to transition to a carbon-free society, and we will conduct appropriate risk management based on international concerns, trends, and other factors.

#### Opportunities

- Increased business opportunities, including provision of solutions that support customers in transitioning to a carbon-free society, such as financing for renewable energy projects
- Improvement of capital markets and social reputation through appropriate initiatives and disclosure

#### Risk

- Increased credit risk from reduced asset value for fossil fuels
- Increased reputational risk from supporting financing of companies and projects with high environmental impact
- Increased costs to comply with stronger environmental regulations and address natural disasters

#### Impacts

- Business opportunities increasing, centered on consulting services
- Though there's been no noteworthy deterioration in credit risk short-term, reputational risk increasing

Credit exposure specification, impact assessment, and disclosure related to carbon-related assets will be considered as a future issue.

#### Risk Management

We recognize the physical and transition risks associated with climate change and have constructed a system for addressing these risks through a comprehensive risk management framework that includes credit risk management and operational risk management.

Additionally, to mitigate negative impacts on society and the environment, we apply the Equator Principles to large-scale development projects in which we are involved. For sectors such as coal-fired power generation, we take potential environmental and social impacts and efforts to address these into account when making our credit decisions (Refer to page 42).

#### Indicators and targets

Mizuho sets environmental targets and manages indicators as follows and will continue to consider establishing science-based targets (SBT).

- Targets** CO<sub>2</sub> emissions basic unit: CO<sub>2</sub> emissions / total floor area (electricity usage at Japanese facilities of Mizuho Financial Group and core group companies)
- Long-term target** ▶ Reduce by 19.0% from FY2009 levels by the end of FY2030
- Medium-term target** ▶ Reduce by 10.5% from FY2009 levels by the end of FY2020
- Indicators**
- Scope 1 (direct) and Scope 2 (indirect) CO<sub>2</sub> emissions and energy usage
  - Scope 3 Environmental impact related to new large-scale power generation projects (CO<sub>2</sub> emissions and CO<sub>2</sub> emission reductions)



## Environmental business

### Environmental business in India

In response to the trend toward the use of clean energy and the development of “smart” cities as well as other related initiatives, we are working to contribute to development in India and provide assistance from a financial perspective to assist Japanese companies in expanding their businesses outside Japan and to help Japanese industries implement their growth strategies.

#### ① First project finance by a Japanese commercial bank for photovoltaic electric power, generating business in India

Mizuho Bank is providing project finance for the photovoltaic power generating facility (with a capacity of 350MW) that will be built, owned, and operated by a subsidiary of the Softbank Group in Andhra Pradesh State in south India. The project finance loan is co-financed with the Japan Bank for International Cooperation, and Mizuho Bank signed the financing arrangement contracts in September 2017. This photovoltaic power facility will be the first such project finance deal to be syndicated by a Japanese bank. Going forward, Mizuho will work to contribute to the development of the Indian economy and to the transition to clean energy sources through financing of clean energy projects.



#### ② “Smart City” development initiative in Gujarat State

In December 2017, a consortium with the participation of Mizuho Bank and Mizuho Information and Research Institute was selected by Japan’s Ministry of the Environment, Trade, and Industry (METI) to conduct a feasibility study for creating a smart city development in India’s Gujarat State. This project has been designated as an advanced model, going forward, for the development of a Japanese-affiliated industrial concentration, centering around the automobile industry, for urban development planning in Gujarat State. The project will be used for consideration of a medium- to long-term vision and will involve research on smart infrastructure in which Japanese companies can participate. Mizuho will be responsible for the planning and operating of this project in its entirety.

### Encouraging sustainable finance that can meet the needs of investors and corporations

We are providing full support for companies raising capital in order to address environmental and social related issues and encourage ESG investments in the bond markets.

In FY2017, Mizuho Securities strengthened its ESG bond issuance framework by setting up a sustainable finance desk and concluding a partner contract with the Climate Bond Initiative. Through these and other activities, as an ESG structuring agent, we actively supported capital raising through issuing ESG bonds, including syndication of Mizuho Financial Group’s first green bonds and financing for the first model pilot project for green bond issuance promoted by Japan’s Ministry of the Environment. These activities were recognized and Mizuho Securities received the Rising Star award as an SRI Dealer in the Asia/Pacific region from mtn-i\*.



\*mtn-i operates an information platform, based in the United Kingdom that issues market analyses and market information.

## Sustainability

### Addressing social issues

In addition to harnessing our broad financial service functions to support the real economy from a medium- and long-term perspective, we are working to strengthen our efforts to promote business that contributes to the sustainable development of society in response to the renewed expectations of stakeholders. As a financial services consulting group, Mizuho offers solutions that draw on the unique qualities of our business, and we are working to contribute to the solution of social issues by reflecting concern regarding human rights and the environment into our business activities.

#### Establishment of a human rights policy

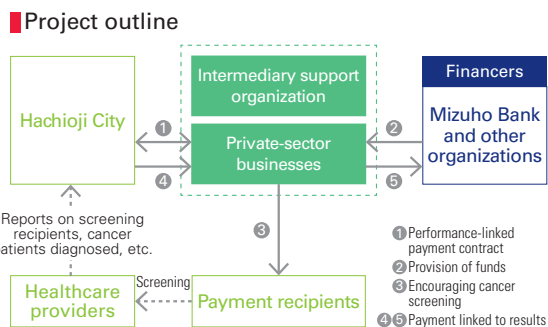
In consideration of the global nature of our business operations, and in order to fulfill our responsibilities in terms of respecting human rights, Mizuho endeavors to prevent or minimize any negative impact that our activities may have on human rights and take other measures as needed.

In view of changes in the business environment and the expectations of society, in order to strengthen initiatives related to human rights through our business activities, the Board of Directors decided on measures and prepared a Human Rights Policy in accord with the United Nations' Guiding Principles on Business and Human Rights in April 2018. When formulating the policy, to fulfill our responsibilities in the area of respecting human rights, we sought the advice of various outside specialists and experts in the field of human rights and reviewed the issues involved to decide on specific actions and priority initiatives.

#### Participation in Japan's first social impact bond project

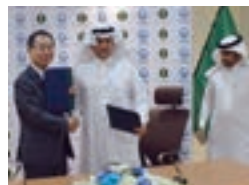
To address social issues, Mizuho public and private sector collaboration, drawing on each sector's strengths. A key example of this social impact bonds (SIBs) as a new approach to investment.

In August 2017, Mizuho Bank, as part of a project led by Hachioji City in Tokyo prefecture aiming to increase the percentage of persons being tested for colon cancer, participated in the syndication of a full-scale SIB project, which was Japan's first multi-year, performance-linked SIB project, and provided a portion of the funds invested in a blind partnership. This project was aimed at extending the healthy lifespans of citizens and improving the quality of life as well as encouraging the more optimal medical costs through the early detection of cancer. The project was targeted at citizens of a city where the ratio of persons undergoing colon cancer tests was low, and offered tailor-made screening based on AI. Going forward, Mizuho will continue to use our financial strengths to contribute to the solution of social issues through the issuance of SIBs and other methods.



#### Mizuho signs an advisory service agreement with the National Water Company of Saudi Arabia

Through cooperation in projects for the privatization of a Saudi Arabian water utility, we are helping to address the issues related to privatization and safe operation of water treatment facilities, and thereby contribute to Saudi Arabia's development.



Mizuho Bank signed an advisory service agreement in February 2018 with the National Water Company (NWC) of the Kingdom of Saudi Arabia, concerning the privatization of water distribution services. Saudi Arabia has been promoting industrial diversification and privatization with the goal of reducing its dependence on fossil fuel and other mineral resources. In the water sector, stable operation of water treatment facilities has become an urgent issue due to the rapid growth in population, especially in urban areas. Based on the agreement, Mizuho, acting as advisor, will provide NWC with insights and know-how on public-private partnerships, industrial development, finance, and other areas as it considers the best model for privatization.

## Responsible investment and financing

Mizuho has always proactively promoted responsible investment and financing, and as part of our commitment to further strengthening our stance, we established Policies on Specific Industrial Sectors, which affirm our commitment to considering risks such as environmental and social risks when engaging in business with clients in certain industries (such as weapons, coal-fired power generation, palm oil, and lumber) where there is a high possibility that our involvement with the client could contribute to adverse environmental or social impacts. Based on an awareness of environmental and social risks in a wide range of industries, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, and Mizuho Americas will determine whether to extend credit or assist with capital raising for clients in certain industries after confirming the measures which the client is taking to avoid or mitigate such risks, and other due diligence as appropriate based on the characteristics of the services we are providing.

For further information, please visit: <https://www.mizuho-fg.com/csr/business/investment/index.html>

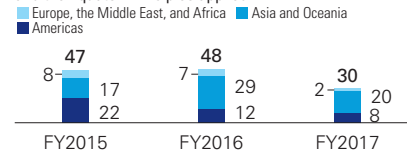
### Consideration for the environment and society in our lending activities

In order for us to promote the sustainable development of society and the economy as well as contribute to the solution of environmental and social issues through our lending activities, our lending criteria include determining whether the extension of credit will contribute to the sound development of the economy and the communities we serve.

We recognize that large-scale development projects may have adverse impacts on the environment and local communities. Mizuho Bank works together with the project proponents (clients) to identify and conduct appropriate environmental and social risk assessments and due diligence for management, as required under the Equator Principles.<sup>1</sup>

1. Financial industry standards for identifying, assessing, and managing environmental and social risks related to projects that are being financed.  
2. The items in this graph are those guaranteed by third parties.

Number of projects for which contracts have been signed and the Equator Principles applied?

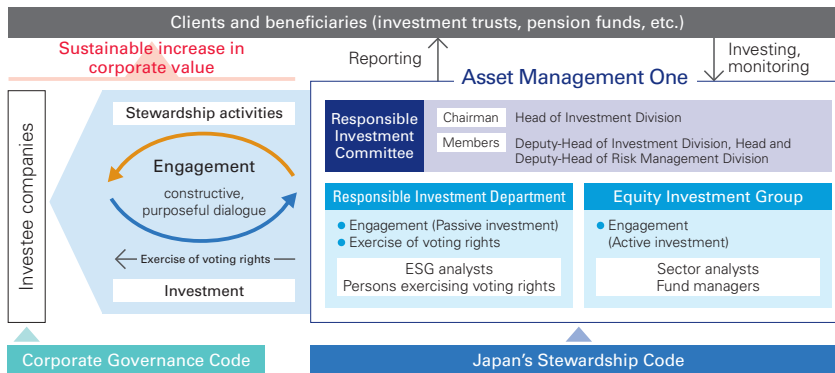


### Promotion of responsible and ESG investing

By conducting our activities with appropriate attention to our stewardship responsibilities and promoting the increase in corporate value and sustainability of the companies being invested in, we contribute to the prosperity and sound development of Japan's economy and society.

Mizuho Trust & Banking and Asset Management One are fulfilling their stewardship responsibilities and promoting ESG investing. Asset Management One, our primary asset management subsidiary, performs many functions in addition to proxy voting. These include active ongoing engagement, principally regarding the environment, society, and corporate governance (ESG), for those companies it has selected for investment. These activities are also conducted with the aim of raising the overall level of the market and promoting the medium- to long-term growth of the companies. Moreover, to offer investment products for a wide range of investors with a focus on ESG, we introduced a new fund, "One ETF ESG", and offered private placements of investment trusts for institutional investors.

#### Asset Management One's responsible investing framework



#### Engagement activities (passive investment)

Active accounts in FY2017: 159

Share of TOPIX: 30%.

**Companies considered for engagement activities**

Selected giving consideration to profitability and degree of influence from among stocks included in the TOPIX 500

Conducted discussions to encourage efforts to increase corporate value

Asset Management One

# Retail & Business Banking Company

Individual customers

SMEs

Middle market corporations



## We aim to work seamlessly our customers' needs and

### Our goals

The operating environment for the Retail and Business Banking Company in Japan is characterized by a declining birth rate, demographic aging, and a decline in the population. As a result of the acceleration of globalization and digital innovation, SME and middle-market corporations confront increasingly diverse and complex challenges.

Major structural changes are also underway. In today's extended period of low interest rates, financial institutions' key earnings source, interest income, has declined. What is more, companies in other industries are moving into business domains that had traditionally been the province of financial institutions.

However, we see these changes as an opportunity and are seeking to transform our business model based on a long-term perspective. In order to pursue a new retail business model, we are working on providing individual customers, SMEs, and middle market corporations with consulting services which draw on our full range of group capabilities including banking, trust banking, and securities. Additionally, we are adopting

## Toshitsugu Okabe

Head of Retail & Business Banking Company

### 1. Current environment

External environment

#### Economic/social environment, customer characteristics

- Bank of Japan continues negative interest rate policy
- Declining birth rate, demographic aging, and decline in population in Japan
- About 50% of total household financial assets of about ¥1,800 trillion concentrated in deposits
- Trend toward reviewing corporate strategies to take account of structural changes in the economy and society
- Aging of SME/middle market corporation owners and shortage of successors
- Rapid progress of digital innovation

#### Competitive & regulatory environment

- Competitors moving in similar strategic directions
- Emergence of paradigm shift as companies in other industries enter the financial sector



Our perception of opportunities and risks

#### Opportunities

##### Use our strong customer base to offer financial consulting through integrated group functions

- Expand scope of asset management business (promote shift from saving to investments/asset building)
- Expand business succession consulting in view of changes in the tax system
- Develop new business by utilizing digital innovation
- Expand business domains through open innovation (collaboration with other companies)

#### Risks

- Gradual decrease in interest income due to continuing negative interest rates
- Deterioration in business base due to stagnation in Japan's economy and society
- Intensifying competitive environment as companies in other industries enter the financial sector



## with the entire Mizuho group to accurately understand offer them tailored consulting services.

innovative technology and partnering with other companies in order to offer customers highly convenient services.

First of all, we are aiming to transform our business with a focus on non-interest income, ensuring that we are thoroughly aligned with our customers' needs and providing financial services that present solutions to the issues they face. In an era where many of our customers will live to be a 100 years old, supporting the shift from savings to investment as a means of promoting stable asset formation is a core aspect of conducting customer-focused business operations. We are also working on expanding our product line-up and improving our customers' financial literacy.

Another area we are focusing on is providing services tailored to the needs of SMEs and middle market corporations, including the formulation of growth strategies, business succession plans, and accessing sources of risk capital. By fully drawing on the group's capabilities, we are able to provide optimal solutions for both corporations and individuals. Moreover, through the One Mizuho Project, our banking, trust

banking, and securities entities are working together to launch initiatives in different regions throughout Japan which aim to address local issues and contribute to regional economic and social revitalization.

In these priority domains, we are concentrating resources through the reassignment of personnel on a cross-group basis, strengthening our talent development programs, and taking steps to boost service quality and productivity.

Further, we are taking advantage of the dramatic advances in digital innovation to develop highly-convenient customer services and to expand our customer base and earnings.

We are working on a fundamental change in business structure to enhance customer convenience while controlling costs. Our initiatives include the development of new business areas utilizing AI and automation, and boosting operational efficiency by utilizing our next-generation IT system.

## 2. Value creation

### Value for customers

- Optimal solutions for a wide range of customer needs via financial services consulting that integrates our banking, trust banking, and securities functions
- High-quality, customer-focused services with a superior level of expertise and professional ethics
- Creating new value through services such as remittances, payments, and asset management by utilizing advances in digital innovation
- Sophisticated business and asset succession solutions for SMEs and middle market corporations confronting such issues as aging top executives and insufficient human capital

### Value for society

- Facilitate asset building for individuals and the circulation of funds which promotes sustainable growth for the Japanese economy
- Contribute to sustainable growth in the Japanese economy by offering support for the growth strategies of SMEs and middle market corporations
- Adopt an integrated approach that combines our banking, trust banking, and securities functions to confront local challenges, and implement initiatives aimed at resolving issues in alliance with local businesses and citizens

## Retail & Business Banking Company

### FY2017 results and FY2018 focus

#### Results

Reflecting on our performance in FY2017, the operating environment was challenging as interest income declined as a result of the Bank of Japan's negative interest rate policy and adverse trends in the financial markets. While we were unable to attain our Net Business Profits target, profits nonetheless rose year-on-year, and our performance was positive overall as a result of group-wide collaboration.

Specifically, to support our efforts to encourage individual customers to shift from savings to investment, we allocated more personnel to customer-facing positions and put increased emphasis on our integrated banking, trust banking, and securities consulting services. Due in part to these efforts, fully 2.58 million customers utilized our investment products in FY2017, demonstrating a steady expansion of 30,000 individuals year-on-year. Total asset inflows at group securities companies ranked No. 1 in Japan's securities industry.

#### Future direction

In FY2018, we are further accelerating our strategy of group-wide collaboration and have formulated priority strategies based on identified customer needs. We are working to make progress toward enhancing the sophistication of our traditional face-to-face channels and strengthening the services available through our digital channels.

For individual customers, we will enhance our consulting services to better meet their needs regarding the shift from savings to investments and asset succession. We will also further promote iDeCo<sup>1</sup> and NISA<sup>2</sup> as a means of assisting customers' long-term asset building while placing greater focus on enhancing customers' financial literacy.

For our corporate clients, especially SMEs and middle market corporations, we will upgrade our solutions functions and strengthen collaboration with the Research & Consulting Unit

Additionally, we strengthened both our business growth and business succession consulting capabilities, focusing on SMEs and middle market corporations, as well as provided support for innovative companies with outstanding proprietary technology and ideas. As a result, in FY2017 our share as lead underwriter of Japanese IPOs rose to 20%, which was two percentage points higher than in the previous fiscal year.

Other accomplishments in FY2017 included the development of new types of branches that make use of digital technologies, enhancement of our online and mobile banking services, and other innovations. These initiatives represented further progress in our drive to enhance the convenience of our services for customers.

so that we can further evolve our consulting-based support for their growth strategies and guide them through major events such as M&As, IPOs, and business succession.

We also plan to accelerate our initiatives related to digital innovation. In FY2017 we launched a new affiliate, J.Score, and we will seek to expand this business going forward, in addition to making progress on other digital business initiatives developed with alliance partners or by finding new applications for Big Data.

In addition, we will promote "operational excellence," revise work processes - such as making operations of branches and Head Office more efficient by utilizing technical innovations, - and take action to cut costs.

1. iDeCo: Individual-type defined contribution pension plan 2. NISA: Small-lot, tax exempt investment accounts

### 3. Business plan

#### Trends in risk appetite

- Promote initiatives to establish and embed customer-focused business operations
- Proactively invest resources in key sectors aimed at augmenting non-interest income
- Make efficient use of resources and establish a low-cost business model by utilizing digital innovations and external alliances

#### Action plan

- Implement sophisticated consulting services that will contribute to the asset building of our individual customers
- Provide optimal solutions that support the growth strategies of our SME and middle market clients
- Make our online and mobile services even more user-friendly by utilizing new digital technology
- Boost efficiency and productivity by revising operational processes

# 2017 highlights

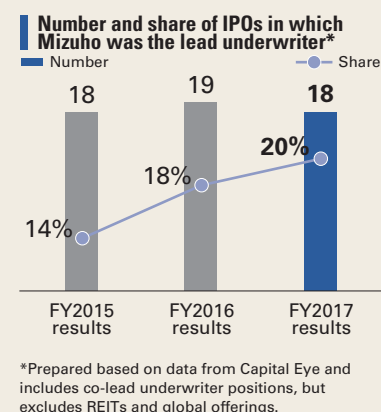
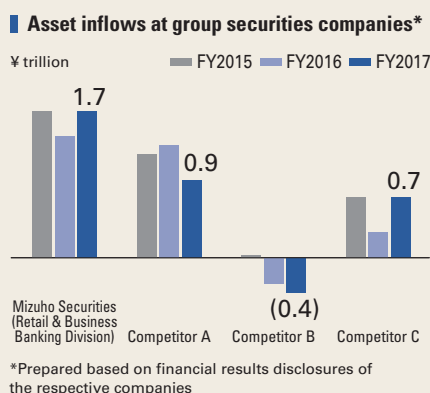
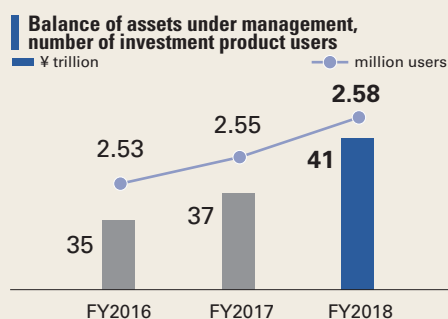
## Trends in performance

(¥ billion) (Group aggregate, management accounting, rounded figures)

Items	FY2016 <sup>1</sup>	FY2017				For reference: FY2018 targets <sup>2</sup>
	Performance	Targets	Performance	Compared to targets	Year-on-year	Year-on-year
Gross Profits	717.2	—	726.2	—	+9.0	—
Net Business Profits	12.4	42.0	15.6	-26.4	+3.2	+17.0
Profits	28.7	27.0	26.4	-0.6	-2.3	+4.0

1. FY2016 results recalculated based on FY2017 management accounting 2. Comparison of FY2017 results recalculated based on FY2018 management accounting

## Major KPIs



## Solutions supporting sustainable growth for our customers and society

### Using digital technology to enhance the convenience of in-branch services

In our branches, we have newly set up Mizuho Digital Corners where customers can use or learn about our digital services. In these corners, we have provided tablet devices and interactive monitors. Customers can also use their smartphones to access a range of services, including opening an account, making transfers, and completing procedures or registering account information. In this way, we are integrating our digital channel with our in-branches services.

Going forward, in addition to using digital technology to improve the convenience of our services, we will continue to assist customers in selecting optimal—primarily digital—transaction methods, including by making digital consultants available.



### Strengthening our ability to meet business succession needs

The lack of qualified successors for the current management of SMEs and middle market companies, which account for creation of about 70% of jobs in Japan, is one of the major issues confronting Japan today.

In April 2018, a special act was passed related to the business succession tax system. With this increased government support for business succession, we are strengthening our integrated banking, trust banking, and securities functions to facilitate smooth business succession for our clients by holding forums related to this issue, establishing a business succession fund, and other undertakings.



## Corporate & Institutional Company

Large corporations

Financial institutions

Public-sector entities



## Mizuho aims to serve as our strengths and providing

### Our goals

To explain our goals for the Corporate and Institutional Company, let us first examine the operating environment we confront today.

During FY2017, the global economy and Japan's economy both showed steady growth. On the other hand, movements toward protectionism in the United States, the persistence of geopolitical risk, and other factors resulted in the continuation of considerable uncertainty regarding future conditions. In addition, the monetary policies of central banks in Japan and abroad, and the trend toward tighter regulations regarding the balance sheets of financial institutions, continue to give rise to concerns.

On the other hand, the trend among corporate clients in recent years has been to place substantially greater emphasis on increasing corporate value and return on equity (ROE). These and other trends, beginning with further globalization of business activities, and following on to realignment of business activities across industry lines, M&A, and the movements toward focusing on core competencies when allocating corporate resources, are expected to continue.

Moreover, client needs are becoming more diverse and sophisticated due to accelerated digital innovation spurred by advances in technology, and changes in social and industrial structures.

## Akira Nakamura

Head of Corporate & Institutional Company

### 1. Current environment

External environment

#### Economic/social environment, client characteristics

- Increasing uncertainty in the global economy
- Continuing negative interest rate policy by the Bank of Japan
- Further acceleration of globalization
- Increasing emphasis from corporate management on enhancing corporate value and ROE
- Rising need for revitalization of regional areas in Japan
- Rapid progress in digital innovation

#### Competitive & regulatory environment

- Competitors moving in similar strategic directions
- Tightening of international financial regulations



Our perception of opportunities and risks

#### Opportunities

##### Offering integrated group-wide consulting capabilities based on strong relationships with clients

- Further expansion of securities businesses, including cross-border M&A
- Expansion of asset business opportunities through review of business portfolio
- Increasing public and private sector collaboration in areas such as agriculture and the revitalization of regional economies

#### Risks

- Decline in profits due to slow growth in interest income
- Decline in added value provided by existing finance business
- Further restrictions on balance sheet management





# clients' most trusted global partner, focusing our collective solutions for increasingly diverse and sophisticated requirements

Next I would like to take a closer look at the strengths of our in-house company and the issues we must address going forward. Our strengths include the strong relationships and client base that we have built among large corporations, financial institutions, and public sector entities. Another area of strength, arising from our drive to meet client needs, is our capability for sophisticated risk-taking cultivated through the development of new financial business. Our approach to developing business, through formulation of comprehensive proposals based on the integrated capabilities of our banking, trust banking, and securities functions, has become the standard throughout our organization.

On the other hand, although the real estate sector of our trust banking operations shows real potential, we are still in the process of consolidating our position to become the No.1 company in this field. We are also aware that we must further enhance our capabilities to gain an advantage over other major securities companies and compete effectively for major cross-border M&A and equity-related deals.

Based on this analysis of the operating environment and the strengths of our in-house company, let us highlight what we are aiming to accomplish.

Under our business model, which leverages our integrated banking, trust banking, and securities functions, our objective

is to continue to grow together with our clients by creating business value chains offering solutions to the wide range of issues our clients face in terms of business and financial strategy.

To do this, we must cultivate a talent pool that can provide solutions to clients' specific issues while taking a long-term view, responding agilely to changes in the social and business environments, and, based on a real, in-depth understanding of client issues, commit themselves to increasing clients' corporate value.

Moreover, we will work to realize the full potential of our in-house company system, and will reallocate corporate resources, including human capital and other assets, strategically and promptly, while continuing to adapt our business model.

Through these initiatives, we will support the sustainable growth of our clients, contribute to increasing corporate value, and, in the face of major, rapid change in the operating environment, we will work to increase our own earnings power and strengthen our financial position with the objective of continuing to be a valued partner for our clients.

## 2. Value creation

### Value for clients

- Provide optimal solutions and respond quickly to clients' diverse issues and needs
- Continue to provide support for enhancing our clients' corporate value via the value chain business model
- Provide risk capital based on our sophisticated risk-taking capabilities

### Value for society

- Contribute to Japanese and global economic growth by providing a stable and steady flow of funds to large corporations, financial institutions, and public sector entities
- Contribute to the revitalization of the Japanese economy by fostering new industries, reorganizing existing industries, and revitalizing regional economies
- Contribute to the development of infrastructure via PPP/PFI

## Corporate & Institutional Company

### FY2017 results and FY2018 focus

#### Results

FY2017 marked the second year since the introduction of our in-house company system. Although there were challenges to overcome, such as prolonged negative interest rates, thanks to continuing progress on our One Mizuho initiatives, Net Business Profits and Net Income exceeded our targets. In fact, we came close to the target levels for the final year of our current Medium-Term Business Plan about one year ahead of schedule. In addition to an increase in loans outstanding, as a result of the positive impact of asset rebalancing, we achieved a positive reversal in interest income, as well as growth in non-interest income, due in part to our efforts regarding business value chains.

Also, by reallocating our resources, including assets and personnel, we were able to consistently demonstrate the

#### Future direction

Currently, due to accelerated implementation of global strategies aimed at increasing corporate value, the earnings power of Japanese companies has steadily improved, and the number of companies that are debt-free is increasing. Moreover, clients are revising their business models in preparation for coming structural changes in society and industries, such as advances in digital innovation and progress toward a carbon-free society.

In light of this environment, we will pursue the following four strategies in FY2018 with the objective of fulfilling our mission of helping clients increase their corporate value and contributing to the growth of the Japanese economy.

The first strategy is strengthening our securities business. In equities, we are working to realign our organizational framework to enhance collaboration between the front office and product development sections. In terms of M&A, we are working to strengthen the relationship between the front office and advisory functions from the origination stage. Our second strategy is to boost our support for Japanese companies that

advantages of our in-house company system, achieving both our ROE and staffing level targets for FY2017.

Reducing cross-shareholding is one of our key management priorities. Although we did not meet our targets in this area during the fiscal year, on an agreements basis, which includes the amount of shareholdings we will be able to sell next fiscal year, our ratio of progress toward the goal in our Medium-Term Business Plan is generally on target.

On the other hand, in the securities field, we have reported steady progress improving sales frameworks by strengthening global sector collaborations, developing talent, and developing global business. However, we have yet to secure our target share of major deals, indicating we must take further measures to strengthen our securities business.

are seeking to expand internationally. At Mizuho Bank, we appointed executive officers to manage our relationship with selected global corporations last year and expect this to substantially strengthen our sales in this area. Our third strategy is to tackle white spaces, which are untapped business areas relevant to our core business, and to expand our scope of risk-taking. By gaining a solid understanding of changes in society and in industry structures, and proactively developing new business in response, we will work to develop new sources of earnings. The fourth strategy is to reformulate an asset strategy for our in-house company. By drawing on our credit screening capabilities and strengthening our investment management functions, we will enhance our risk-taking capabilities and become better positioned to promote a number of initiatives, address the increasingly diverse needs and issues of our clients, and expand the scope of our risk-taking.

By implementing these strategies, we will accelerate initiatives to transform our business model and build a robust business portfolio.

### 3. Business plan

#### Trends in risk appetite

- Invest resources strategically and agilely in key sectors
- Rebuild our business portfolio by selecting and focusing on sectors in which we will take on risk
- Thoroughly enforce the compliance system underpinning our business model
- Reinforce asset controls

#### Action plan

- Strengthen cross-border M&A business via global sector collaborations
- Expand into white spaces
- Cultivate new financial needs based on technological progress
- Optimize our sales and business processes

# 2017 highlights

## Trends in performance

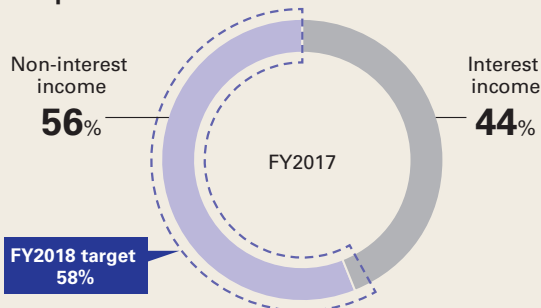
(¥ billion) (Group aggregate, management accounting, rounded figures)

Items	FY2016 <sup>1</sup>	FY2017				For reference: FY2018 targets <sup>2</sup>
	Performance	Targets	Performance	Compared to targets	Year-on-year	Year-on-year
Gross Profits	434.1	—	433.0	—	-1.1	—
Net Business Profits	241.1	218.0	236.3	+18.3	-4.8	+15.0
Profits	218.1	231.0	272.3	+41.3	+54.2	+33.0

1. FY2016 results recalculated based on FY2017 management accounting 2. Comparison of FY2017 results recalculated based on FY2018 management accounting

## Major KPIs

### Proportion of non-interest income\*



\* Management accounting, rounded figures

	FY2015 results	FY2016 results	FY2017 results	FY2018 targets
① Bookrunner for domestic syndicated loans	1st	1st	1st	1st
② Total equity underwriting worldwide (underwriting amount)	3rd	4th	4th	2nd
③ Domestic straight bonds (underwriting amount)	1st	1st	2nd	1st
④ M&A (deals related to Japanese companies)	7th	1st	Top 5	Top 5

## Solutions supporting sustainable growth for our clients and society

### Contributing to the revitalization of regional areas in Japan and the Japanese economy as a whole

Drawing on our extensive expertise, we have provided many forms of support to government agencies, regional governments, and organizations, with the aim of solving social issues and revitalizing local areas in Japan. In FY2017, we aimed to provide substantially more innovative support, including undertaking new advisory positions in new infrastructure fields. Regional revitalization in Japan is also a policy promoted on the national level through public and private sector collaboration. In this area we are continuing to provide high quality services for concession projects, such as airports, water supply systems, and waste treatment systems, covering the full process from the early consideration stages through to project syndication. In this way, we are aiming to contribute to the further development of the Japanese economy.

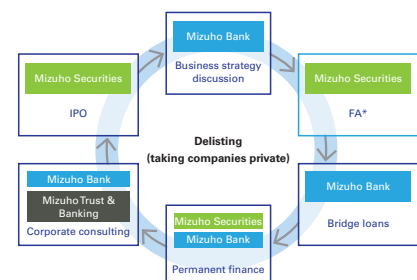


### Cultivating business value chains through the progressive development of the One Mizuho strategy

In response to increasing demand to take companies private, we have arranged de-listings for major companies using private equity funds, with Mizuho Securities acting as financial adviser and Mizuho Bank providing fund raising support. These deals are very good examples of what we can do based both on our in-depth discussions with clients over many years and our understanding of their business strategies. These deals succeed and are highly regarded because of our willingness to take on the risk associated with unprecedented deals and our ability to provide seamless solutions through group-wide collaboration. Looking ahead, we will continue to offer creative solutions tailored to the issues our clients face and, thereby contribute to increasing corporate value.

\* FA: Financial adviser

### Creating value chains through collaboration among banking, trust banking, and securities functions



# Global Corporate Company

Americas

EMEA

East Asia

Asia & Oceania

## Aiming for sustainable understanding of our clients'

### Our goals

In terms of the operating environment for the Global Corporate Company, while the global economy is continuing to expand, we remain concerned about the spread of protectionism, political developments in Europe, and geopolitical risk in East Asia, the Middle East, and elsewhere. Moreover, markets are in the process of undergoing major changes along with interest rate hikes and tax reform in the US, structural economic reforms in China, and other developments.

Amid this operating environment, we at the Global Corporate Company aim to become a highly trusted, long-term partner of Japanese companies entering new markets overseas as well as non-Japanese companies, based on our ability to provide solutions that reflect a deep understanding of the businesses of our clients and our strength in corporate finance.

First, for Japanese corporations, we aim to provide seamless services in Japan and elsewhere to support their business expansion overseas by offering optimal financial solutions and reliable consulting advice ranging from providing information for clients considering entry into overseas markets to support in crafting business and financial strategies.

**Seiji Imai**

Head of Global Corporate Company



## 1. Current environment

External environment

### Economic/social environment, client characteristics

- Increasing uncertainty in the world economy (spread of protectionism, political turmoil in Europe, geopolitical risk, and other factors)
- Further progress in globalization of Japanese companies
- Asian economies representing a greater share of the world economy
- US interest rate hikes and tax reform
- Structural economic reforms in China

### Competitive & regulatory environment

- Japanese megabanks accelerating development of overseas operations
- Major European and US banks moving toward differentiation of their strategies by drawing on their respective strengths
- Strengthening of liquidity and capital adequacy requirements



Our perception of opportunities and risks

### Opportunities

Offering solutions that integrate group strengths and draw on our in-depth understanding of businesses and capabilities in corporate finance

- Expansion of global financial needs among Japanese companies
- Acceleration of entry into Asia by European, US, and other non-Japanese companies
- Stimulation of investments under US tax reforms
- Growing sophistication of the financial needs of Chinese corporations

### Risks

- Stagnation in financial markets due to increased uncertainty
- Growing scarcity of market liquidity and capital due to tightening of regulations
- Rise in dollar funding costs due to increase in US interest rates

## growth by offering solutions that draw on our in-depth businesses and our strengths in corporate finance

For non-Japanese companies, we are implementing our Global 300 Strategy which involves focusing on a group of about 300 blue-chip companies around the world. Under this strategy, we adopt an industry/sector-based approach, focusing on sectors where we have an in-depth understanding and a proven track record, and develop close relationships with company management. Through this strategic approach, we can build long-term relationships with leading non-Japanese companies and grow together with them in a mutually sustainable manner.

As liquidity and capital become scarcer, it is essential for us to build a powerful financial base to develop long-term partnerships with these companies. To do this, our initiatives include revising our business portfolio by reviewing profitability and restructuring our assets. Specifically, we will move forward with shifting assets to Global 300 and other high-profitability segments, along with downsizing low-profitability assets and reducing the portion of our portfolio requiring high levels of liquidity.

In addition, we will offer a diverse range of financial services, including not only credit transactions but also M&A services,

bond underwriting, and other securities-related products as well as transaction banking and other services. By enhancing our ability to offer solutions based on our integrated banking, trust banking, and securities functions and by strengthening our transaction banking services, including deposits, settlements, and trade finance, we will work to meet our clients' broad business and financial strategy needs. By strengthening our product and service offerings as a financial services consulting group, we will be able to boost our earnings power.

Moreover, to ensure a sustainable business and management foundation, we will continue to pursue operational excellence and seek to enhance our non-yen currency funding capabilities. To achieve operational excellence, we will optimize our organizational structure and business processes on a group basis. To strengthen our non-yen currency funding capabilities, we will continue to take steps to increase non-yen currency deposits and diversify our funding sources through the issuance of non-yen currency denominated bonds.

## 2. Value creation

### Value for clients

- Provide diverse solutions such as M&A, DCM, and transaction banking through collaboration among banking, trust banking, and securities entities
- Provide support for Japanese companies entering new markets through collaboration with government agencies around the world and with local financial institutions
- Provide the latest information on global political and economic trends through collection and analysis of information on international strategies

### Value for society

- Contribute to global industry realignments and the economic development of emerging economies
- Contribute to further development of financial markets and talent development around the world

## Global Corporate Company

### FY2017 results and FY2018 focus

#### Results

Focusing next on performance in FY2017, the business environment continued to be challenging as economic growth in China slowed, the number of major M&A deals decreased, and competition in Asia became more intense. Amid this operating environment, our in-house company's Net Business Profits decreased—slightly below the target for the fiscal year; however, we undertook a range of initiatives to improve our service offering capabilities and strengthen our earnings power.

For non-Japanese companies, we steadily expanded our business through continued implementation of our Global 300 strategy. We focused especially on taking an industry/sector-specific approach and increasing the sophistication of collaboration between our banking and securities functions. As a result, our accomplishments included becoming the only Japanese bank to secure a position within the top 10 in the Americas for three consecutive years. These and other accomplishments demonstrated an expanded market presence, particularly in the United States. In addition, we strengthened our capabilities for delivering solutions by upgrading our organizational framework for transaction banking and enhancing our product lineup. As a result, we are generating steady profits in these fields.

#### Future direction

In FY2018, we will continue to implement our Global 300 strategy and give consideration to expanding operations into new risk domains as part of our drive to invest resources in high-margin segments. While enhancing our fundamental earnings power, we will also further strengthen our capabilities for providing services, including the full use of our analysis and proposal functions for each industry sector. This will enable us to offer a wide range of solutions to meet diverse client needs for securities products, transaction banking, and other services.

In addition, to tighten cost controls, we are working to optimize our organizational structure and staffing levels as well as increase operational efficiency through the use of RPA\*, while pursuing greater operational excellence—all with the objective

To establish an even stronger foundation and provide in-depth support to companies entering new markets and expanding their businesses abroad, we are continuing to augment our global office network. In FY2017, we established the Mizuho Bank Phnom Penh Branch; Washington, DC Representative Office; Dallas Representative Office; León Office in Mexico; Mizuho Securities Asia Seoul Branch; and Mizuho International DIFC Branch. In addition, we proactively concluded cooperative arrangements with government agencies, financial institutions, and non-Japanese companies around the world.

We also took further initiatives in the pursuit of operational excellence. These included optimizing our branch network and giving consideration to personnel assignments with the aim of maximizing group-wide productivity. In the United States, to enhance the efficiency of business operations and provide a higher level of service nation-wide, we began preparations for transferring IT system operations and branch support functions from the Los Angeles Branch to the New York Branch in order to concentrate these functions in a central location.

of both improving services for clients and revising our business structure. Along with these initiatives we are also continuing to implement measures to establish a stable funding base, mainly for non-yen currencies.

As we steadily implement these strategies, we will also accelerate measures to expand our business, strengthen our earnings power, and upgrade our business portfolio structure. By continuing to offer services that are in line with client needs, in the years to come we will realize sustainable growth working in partnership with our clients.

\*Robotic process automation: Software for automating business processes and operations, automatically conducting tasks that would have previously been done manually by a person using a computer.

### 3. Business plan

#### Trends in risk appetite

- Focus on deepening relationships with blue-chip non-Japanese companies, especially the Global 300
- Allocate capital and liquidity from low-profitability segments to high-profitability segments with prospects for business expansion
- Expand volume of non-yen currency deposits and work to increase quality

#### Action plan

- Shift resources from low-profitability to high-profitability segments
- Promote cross-selling between transaction banking and securities/market products
- Promote operational excellence through integrated operations on a group-wide basis, optimize business processes, and other measures
- Secure high-quality non-yen currency deposits and diversify non-yen currency funding sources

# 2017 highlights

## Trends in performance

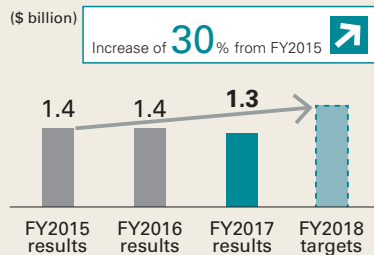
(¥ billion) (Group aggregate, management accounting, rounded figures)

Items	FY2016 <sup>1</sup>	FY2017				For reference: FY2018 targets <sup>2</sup>
	Performance	Targets	Performance	Compared to targets	Year-on-year	Year-on-year
Gross Profits	358.3	—	352.6	—	-5.7	—
Net Business Profits	115.0	125.0	100.2	-24.8	-14.8	+31.0
Profits	83.7	77.0	69.0	-8.0	-14.7	+10.0

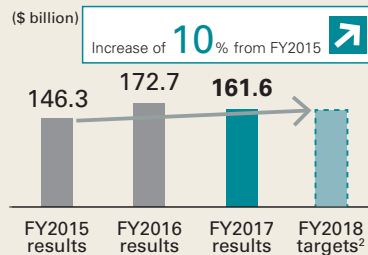
1. FY2017 results recalculated based on FY2018 management accounting 2. Comparison of FY2017 results recalculated based on FY2018 management accounting

## Major KPIs

### Non-interest income outside Japan

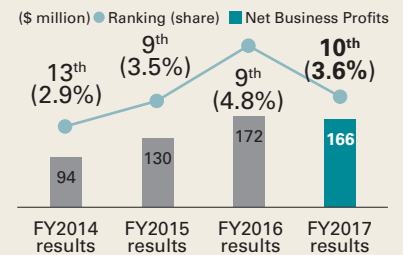


### Non-JPY deposits<sup>1</sup>



1. Mizuho Bank and principal subsidiaries, including central bank deposits. Global Corporate Company management accounting basis.  
2. Change from FY2015 estimates.

### US bond underwriting (DCM) ranking\*



\*Bonds worth \$250 million or more, excluding off-shore issuance  
Source: Dealogic

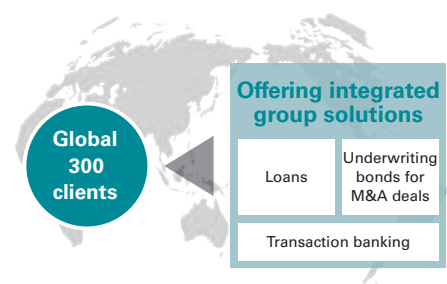
## Solutions supporting sustainable growth for our clients and society

### Example of the Global 300 strategy in action

For one of our Global 300 clients, we provided support as lead arranger for the largest MBO\* financing to date in Southeast Asia. Subsequently, we substantially raised our underwriting share in a public offering for a J-REIT on behalf of the same client.

This financing is representative of the solutions provided through banking and securities collaboration under our Global 300 strategy. Going forward, we will significantly raise our profile as a global player.

\*Management buyout: The acquisition of a controlling share in a company by management and/or investment funds.



### Mizuho Bank issues onshore RMB-denominated bonds

In December 2017, Mizuho became the first Japanese bank to receive approval from the People's Bank of China to issue Panda Bonds, which are onshore RMB-denominated bonds issued in the Chinese interbank bond market. These bonds were issued in January 2018. We will use the expertise gained from this issuance to provide greater support than previously, including advisory services for clients interested in issuing Panda Bonds and for medium- to long-term financing in renminbi.





## Aiming to become a top-class capabilities tailored to each

### Our goals

The Global Markets Company engages in sales and trading in order to provide clients with market product-based solutions, and we also conduct banking operations, including asset management and capital raising, securities investment, and other related activities.

In 2017, the global economy continued to expand, and according to the International Monetary Fund (IMF), favorable economic conditions are likely to continue in 2018. On the other hand, political turmoil resulting from the emergence of populism; geopolitical risk linked to the Middle East, North Korea, and elsewhere; rising protectionism; and other factors are continuing to create uncertainty. In addition, the rate of technological progress in AI and other fields has been astonishing, and signs are appearing that society will likely undergo major changes going forward.

Amidst the beginnings of major social change, clients' needs in terms of hedging and asset management are expected to become increasingly diverse. However, this trend is expected to bring major business opportunities for our sales and trading business. Additionally, our ability to provide sophisticated banking services differentiates our offerings from competitors.

**Junichi Kato**

Head of Global Markets Company

## 1. Current environment

External environment

### Economic/social environment, client characteristics

- Global political uncertainty remains high.
- Progress toward normalization of central bank monetary policies in the United States and other major countries
- Growing diversity of investors' asset management needs
- Increase in cross-border transactions
- Rapid advances in AI and other cutting-edge technology

### Competitive & regulatory environment

- Competitors moving in similar strategic directions
- Transition to the implementation phase of various financial regulations



Our perception of opportunities and risks

### Opportunities

#### Offering integrated group solutions leveraging our global network

- Strengthen our capabilities to respond to client needs through early application of advanced technologies
- Improve competitiveness through efficient portfolio management, including strict adherence to early warning controls and meticulous allocation
- Differentiate services through careful responses to stricter, more-complex regulatory requirements

### Risks

- Possibility of a slowdown in the global economy and financial markets as a result of the acceleration of normalization/tightening of monetary policy by the central banks of major countries
- Potential market turmoil accompanying increasing geopolitical risk
- Possibility of declining competitiveness due to delays in responding to technological progress





# global markets player in Asia by strengthening our product client segment

As we seize these opportunities, we are aiming to become a top-class global markets player in Asia.

Looking ahead in our sales and trading business, in addition to continuing the collaboration among our banking, trust banking, and securities functions, our policy will be to work closely in initiatives with other Mizuho in-house companies and units so as to advance the implementation of our One Mizuho strategy. Specifically, we will draw on our high-level professional expertise in financial markets and market products and work with other Mizuho in-house companies and units to provide seamless banking, trust banking, and securities solutions. In this way, we can offer the best market products in a timely fashion and respond to clients' specific requirements. Moreover, we are committed to continuing our efforts to contribute to market stability, and through participation in industry associations, work toward contributing to the sound development of financial markets.

In our banking business, we will work to maintain stability in our foreign currency liquidity management in order to support our clients' global operations. In addition, we will work to secure stable earnings by maintaining our early warning controls to capture nascent changes in the market environment, and manage portfolios by efficiently making quick decisions and precise allocations.

To continue to offer clients the highest quality of services, our IT systems must meet global standards by incorporating advanced technology and we must make ongoing upgrades to our operational infrastructure. We are proactively incorporating both AI and other digital innovations by working to enhance our digital platforms, applying AI to our early warning systems, and utilizing Big Data. As a global markets player, we are committed to continually upgrading our infrastructure to maintain and strengthen our competitiveness.

## 2. Value creation

### Value for clients

- Offer optimal solutions that make use of market products to meet a wide range of clients' risk hedging and asset management needs
- Offer information on market trends based on our access to information through our global network and our analytical capabilities

### Value for society

- Contribute to society and the economy through skillfully responding to client hedging and asset management needs
- As global markets professionals, continuously provide liquidity in offering a wide range of market products
- Contribute to the development of sound financial markets by complying with regulations and participating in industry associations
- Contribute to the sustainable development of society through continuing initiatives such as the issuance of green bonds

## Global Markets Company

### FY2017 results and FY2018 focus

#### Results

Net Business Profits for the Global Markets Company were ¥38.2 billion below our target and amounted to ¥180.8 billion, which was ¥165.3 billion below the level of fiscal 2016. A return to normalcy in monetary policy is occurring, especially in the United States, and the differential between long- and short-term rates is expected to diminish. In addition, the Bank of Japan's efforts to control the yield curve have led to historically low yen interest rates and Japanese government bond yields. Against this backdrop, we expected banking operations to show a marked decline in profitability compared to fiscal 2016, but actual performance in fiscal 2017 was close to target levels. On the other hand, sales and trading, where we had expected an increase over the previous fiscal year, showed weak growth in profits, and revenue fell below target levels as a low interest rate and low volatility environment prevailed, mainly in the Japanese markets.

#### Future direction

Fiscal 2018 will be the final year of our current medium-term business plan, and to ensure that we reach our revenue targets for the fiscal year, it will be critical to implement our medium- to long-term initiatives in preparation for the next medium-term business plan. In our sales and trading business, we must move ahead with integrated banking and securities activities globally in the fields of foreign exchange, bonds and derivatives, and equity products. Especially in those market businesses where there is room for further development, such as investment funds, we want to strengthen our fundamental earnings power by developing new relationships with Japanese and foreign investors and expanding our Asia and emerging markets currency business. In our banking business, by determining the optimal portfolio allocation for our in-house

As these observations suggest, fiscal 2017 presented a challenging business environment, but in order to bring about a V-shaped recovery in revenue in fiscal 2018, as interest rates rose, mainly in the United States, we worked to maintain the soundness of our banking portfolio and increased the competitiveness of our banking business by making our early warning systems more sophisticated using AI and other methods. In addition, to advance the integration of our banking and securities operations, we moved ahead with the creation of a common derivatives platform globally to increase the profitability of our sales and trading business. In fact, in our Asia/emerging markets currency business, where we were strengthening our efforts, our volume of transactions expanded significantly and we achieved favorable results. As we implement these initiatives, we are forecasting an increase in Net Business Profits of ¥99.0 billion as part of our business plan for fiscal 2018.

company as a whole and through increasing the sophistication of our early warning systems, we will aim to secure stable revenue streams in the midst of a fast-changing environment. Among our medium- to long-term initiatives as preparation for our next medium-term business plan, we are working to allocate resources strategically with the aim of building next-generation trading rooms, markets IT systems, and back offices with a focus on incorporating advances in technology so that we can offer our clients high-quality services and solutions.

### 3. Business plan

#### Trends in risk appetite

- In our sales and trading business, strengthen earnings power through seamless collaboration between our banking and securities functions
- In our banking business, implement accurate portfolio management by upgrading the sophistication of our early warning system
- Accelerate planning for the construction of new trading rooms, markets IT systems, and back offices that incorporate advances in technology

#### Action plan

- In our sales and trading business, promote the global deployment of integrated banking and securities for foreign exchange, bonds and derivatives, and equity products
- In our banking business, continue to raise the sophistication of our early warning system which will be the basis for optimal portfolio management for the in-house company as a whole
- Allocate resources strategically with the aim of building new trading rooms, markets IT systems, and back offices that incorporate advances in technology

# 2017 highlights

## Trends in performance

(¥ billion) (Group aggregate, management accounting, rounded figures)

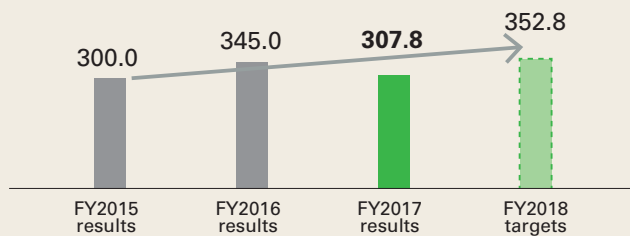
Items	FY2016 <sup>1</sup>	FY2017				For reference: FY2018 targets <sup>2</sup>
	Performance	Targets	Performance	Compared to targets	Year-on-year	Year-on-year
Gross Profits <sup>3</sup>	539.9	—	381.7	—	-158.2	—
Net Business Profits <sup>3</sup>	346.1	219.0	180.8	-38.2	-165.3	+99.0
Profits	224.2	147.0	120.2	-26.8	-104.0	+69.0

1. FY2016 results recalculated based on FY2017 management accounting 2. Comparison of FY2017 results recalculated based on FY2018 management accounting 3. Including ETFs

## Major KPIs

### Sales & trading-related revenue\*

(¥ billion)



\*Global Markets Company management accounting basis

### Volume of Asian/emerging market currency transactions (in comparison with FY2015)

(%)



## Solutions supporting sustainable growth for our clients and society

### Our in-house company's AI and digital innovation initiatives

We are working to improve services for our clients by applying the rapidly advancing field of AI and other digital innovations. Specific examples include offering algorithmic equity trading making use of AI, joint research on increasing the sophistication of foreign exchange trading undertaken with the research group of Associate Professor Yutaka Matsuo of Tokyo University Graduate School, and the development of market early warning tools with IBM Japan. In addition, Mizuho Securities held the Mizuho Trading Conference for institutional investors, which focused on the topic of trading using AI.



### Mizuho Investment Conference

Mizuho Securities held the Mizuho Investment Conference (MIC) not only in Tokyo but also in overseas locations, including New York and London. MIC has been well-received globally by many investors. In fiscal 2017, to inform global investors about promising SMEs and attractive regional enterprises in Japan, we held the Japan Opportunities 2017 MIC SME-Class Growth Stock Conference, which was the largest conference of its type, aiming to encourage investment in Japanese enterprises.





## Contribute to growth in to long-term asset building

### Our goals

Some aspects of the operating environment for the asset management business are challenging, such as the continuation of negative interest rates and the entry of new competitors. However, from a medium- to long-term perspective, I am confident that the direction of events is moving in our favor. With the arrival of an era where many of our customers will live to be 100 years old (a so-called “age of longevity”), it will become even more important for individuals to prepare for retirement by engaging in asset building to supplement employer or government pensions. Moreover, as a result of the work style reforms promoted by the Japanese government, such as extension of the age for retirement, the need for corporations to review their pension plans is increasing.

Within our in-house company, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, and Asset Management One work together with the other in-house companies to meet the needs of a wide range of customers from institutional investors (pensions, financial institutions, corporations, etc.) to individual investors. Also, we will continue to shift household assets to more growth-focused portfolios by providing products and solutions backed by our sophisticated investment capabilities.

**Katsunobu Motohashi**  
Head of Asset Management Company

## 1. Current environment

External environment

### Economic/social environment, customer characteristics

- Increased convenience and greater need for asset management as a result of NISA and iDeCo regulatory reform
- Deterioration in the asset management environment due to negative interest rates
- Increased adoption of passive investment and ETFs
- Technological innovation (AI, robo-advisors, etc.)
- Increased emphasis on social contribution

### Competitive & regulatory environment

- Increased competition in Japan and overseas because of the rise in Fintech companies newly entering the market
- Greater emphasis on fiduciary duties



Our perception of opportunities and risks

### Opportunities

We are responding to expanding asset management needs by drawing on our strong investment management, product development, and pension solutions capabilities backed by a top-class level of assets under management in Japan and Asia as a whole

- In this age of longevity, there is an expansion in the demographic interested in asset-building spurred by the acceleration of the shift from savings to investment
- Growing need for review of the pension system in light of the trend toward postponing the retirement age and greater diversity in work arrangements
- Rising interest, mainly among institutional investors, in ESG criteria

### Risks

- Decline in profitability because of increased competition for business, trends toward passive investing and ETFs, and other factors
- Outflow of investments from investment trusts paying monthly distributions
- Decline in institutional investor management needs caused by market uncertainty



## Japan's financial assets by supporting customers' medium-while fulfilling the highest level of fiduciary duties

Also, our aim is to increase productivity through medium- to long-term initiatives, create a robust business base, and establish our asset management business as a fourth pillar of Mizuho's earnings base along with banking, trust banking, and securities.

The engine of our asset management business and its source of long-term growth are our investment capabilities. In today's financial markets, the demand for traditional active investing is gradually diminishing, and the trend is toward strengthening alternative investment and gatekeeping capabilities. Therefore, we must work to make active use of leading-edge technologies such as AI and Big Data to provide our clients with high added value on a continual basis.

For our individual customers, we make use of the advanced investment expertise we have cultivated through our pension business to provide investment trust and other products (such as fund wraps) that are useful for medium- to long-term asset building. In addition, with respect to investment trust sales companies (e.g. banks and securities companies) in direct contact with customers, we make full use of one of Japan's largest marketing systems. We are also proceeding to upgrade our investment education website, while also working to deepen customers' understanding of asset management.

Also, by offering services as the manager and administrator for defined contribution pension plans for individuals (iDeCo), we work to provide our customers with access to a broader range of methods for building assets. Through these activities, our aim is to increase assets under management.

For institutional investors who manage pension funds, there is a growing need for consulting that takes into account the overall amount of pension stipends in consideration of employees' after-retirement life as well as the implications of Japan's work style reforms. In addition to offering investment strategies, we are accelerating our efforts to provide comprehensive consulting and solutions such as building pension portfolios, ALM analysis, and pension governance support.

Moreover, we want to substantially strengthen our initiatives to deal with social issues through our asset management business. We are incorporating non-financial information, including environmental, social, and corporate governance (ESG) information, in our investment criteria. We are also working to improve portfolio performance through assessment of ESG integration, and the sustainability of the companies we invest in, and promoting engagement to bring improvement in corporate value.

## 2. Value creation

### Value for customers

- **Individuals:** In this age of longevity, we will respond to the ever-growing need for steady medium- to long-term asset building as people prepare for retirement
- **Institutional investors:** Respond to the need for comprehensive pension consulting, portfolio diversification and stable returns, and investment alternatives to Japanese government bonds in the negative interest rate environment

### Value for society

- Support individuals to invest over the medium to long term as a means of supplementing corporate/government pensions, thereby contributing to the shift of household assets to more growth-focused portfolios
- Contribute to solving social issues through engagement with the companies we invest in
- Increase future national wealth and provide companies with growth capital, thereby contributing to a virtuous cycle for the Japanese economy

## Asset Management Company

### FY2017 results and FY2018 focus

#### Results

In FY2017, funds continued to flow out of publicly traded investment trusts paying monthly distributions. However, our balance of assets under management rose ¥4 trillion over the previous fiscal year, to ¥57 trillion, due to demand for asset-building investment products and private placements of investment trusts with institutional investors. As a result, we were able to achieve our in-house company's Net Business Profit target.

In the field of investment trusts, we have built a strong reputation as a result of our focus on providing support, including information, by convening roughly 8,000 seminars and informational sessions each year. As a result of these and other activities, we were ranked No. 1 in the Asset Management Brand Survey\*, which is based on questionnaires submitted by companies marketing investment trusts and other investment products. From a product perspective, we are strengthening our investment capabilities by incorporating advanced methodologies. We newly established Japan's first

#### Future direction

In the field of investment trusts, currently the demand among investors for investment trusts that pay monthly distributions is diminishing, and, as a result, funds are also flowing out of Asset Management One's major funds. In FY2018, one of our most important initiatives was to stem the tide of assets leaving monthly distribution type funds and raise our assets under management mainly through offering asset-building products. Initiatives have included expanding the support we provide for investment product sales companies, including offering useful information for asset-building to individual customers through seminars and other means, and working to increase convenience for customers. In terms of investment products, we have newly introduced low risk investment trusts aimed at first-time investors. We are also working to expand our base of investors and are focusing on products that will give additional impetus to the shift from savings to investment.

As for pensions and other related fields, Mizuho Trust & Banking has launched comprehensive pension plan consulting services with a view to the full range of corporate retirement benefits. Mizuho Trust & Banking, Mizuho Bank, and other group companies are working together to accelerate this marketing approach. To discover

publicly traded fund making use of advanced "deep learning" AI technology, the Global Stock Fund Managed with Artificial Intelligence (AI). In addition, we introduced a new ETF-specific brand, One ETF, and have listed three new ETFs.

In the field of pension funds, we are further expanding our comprehensive pension consulting services. We were the first to launch a risk-sharing corporate pension in Japan, which are attracting attention as the "third type of pension fund." In addition, in 2017 we began marketing defined contribution pension plans for individuals (iDeCo), which are now available to a wider customer base. For iDeCo, we have expanded sales channels through a tie-up with AEON Bank, and the number of participants/investors rose 30% over the previous year, to 79,000.

\*Results from the 11th asset management company brand survey, "Nikken Investment Trust News", The Japan Financial News Co. Ltd.

additional customer needs at the branch level, we are introducing customers to ways to combine long-term asset-building products that take advantage of preferential tax treatment such as Installment-type Nippon Individual Saving Account (NISA) and iDeCo.

We are also aiming to substantially enhance our investment capabilities in response to increasingly diverse customer needs, including strengthening our in-house alternative investment capabilities and our gatekeeping functions.

Similarly, at Asset Management One, we plan to complete the post-merger integration of business processes and IT systems to achieve integrated organization management within the current fiscal year, and thereby establish the foundations for increasing productivity.

Through these various activities, we are working to steadily to strengthen our earnings power, and, at the same time, make a strong start in FY2018, the first year for implementing our fundamental structural reforms.

### 3. Business plan

#### Trends in risk appetite

- View asset management business as a growth area contributing to the expansion of Mizuho's non-interest income and to balance sheet control, and therefore allocate business resources to investment, investment trusts, and pensions

#### Action plan

- Strengthen our investment capabilities, which are the engine driving our asset management business and the source of long-term growth
- Taking into account the shift from savings to investment/asset building, allocate more business resources to investment trusts
- Accelerate the offering of comprehensive pension consulting/solutions
- Strengthen initiatives to solve social issues through stronger focus on ESG investing

# 2017 highlights

## Trends in performance

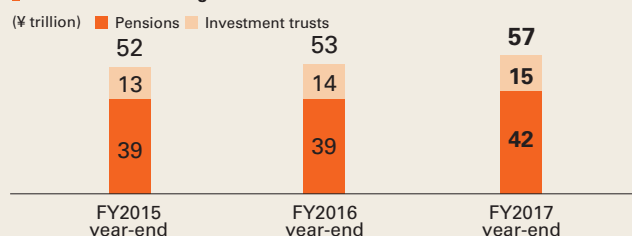
(¥ billion) (Group aggregate, management accounting, rounded figures)

Items	FY2016 <sup>1</sup>	FY2017				For reference: FY2018 targets <sup>2</sup>
	Performance	Targets	Performance	Compared to targets	Year-on-year	Year-on-year
Gross Profits	48.9	—	50.2	—	+1.3	—
Net Business Profits	20.0	24.0	25.7	+1.7	+5.7	+1.0
Profits	9.6	11.0	13.5	+2.5	+3.9	-0.0

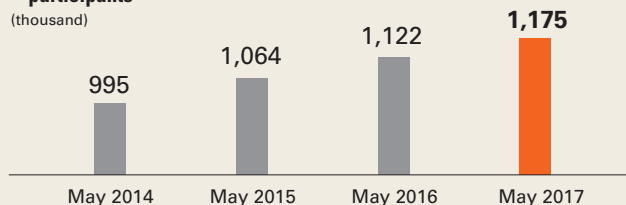
1. FY2016 results recalculated based on FY2017 management accounting 2. Comparison of FY2017 results recalculated based on FY2018 management accounting

## Major KPIs

### Assets under Management



### Defined contribution pension plan (corporate-type & individual-type) participants



## Solutions supporting sustainable growth for our customers and society

### Responding to new regulations affecting pension plans: Mizuho entrusted with Japan's first risk-sharing corporate pension

As the operating environment for corporate pensions undergoes change, MizuhoTrust & Banking has developed and launched a risk-sharing corporate pension\*, which is referred to as the "third type of pension plan" and is the first plan in Japan that features risk-sharing. This new pension plan aims for fairer sharing of risk between employees and corporations. Employees bear the burden when the investment performance of pension assets weakens and pension payments are reduced, but on the other hand, corporations bear more of the premium (contribution) compared with the current defined benefit pension plans. This new pension plan has drawn attention as a solution for structuring a sustainable and stable pension system. Mizuho continues to be a leader in fulfilling fiduciary duties, and we are enhancing our consulting capabilities to better meet our customers' needs and always be their number one choice.

\*Pension plan established in January 2017 following legal and other reforms

### Comparison of risk-sharing corporate pension plans and defined benefit/contribution plans

		Defined benefit pension plan	Risk-sharing corporate pension plan	Defined contribution pension plan
Corporate finances	Premium	Variable	Fixed	Fixed
	Entered under liabilities	Necessary	Unnecessary	Unnecessary
HR systems	In case of early retirement	Receivable upon retirement	Receivable upon retirement	Not receivable until 60 years of age
	Reduction if leaving company for personal reasons	Possible	Possible	Not possible
Asset management	Invested principal	Company (or fund)	Company (or fund)	Employees

### Investment trust using cutting-edge AI (deep learning) launched

At Asset Management One, we used deep learning, a cutting-edge AI technology, to select stocks for a new investment trust, which in September 2017 was the first of its kind to be issued publicly in Japan. In preparing this investment vehicle, the AI system used about 20 years of stock price and financial data to rank the level of attractiveness of various stocks, and then made determinations and selected candidate stocks for the investment trust. Next, fund managers used their judgment, combined with an analyses of fundamentals and other criteria, to make the final selection of the stocks with upside potential. We will continue to use digital innovation to strengthen our asset management performance and offer support to our customers in their asset-building activities.



## Global Products Unit

Transaction banking

Investment banking

# We aim to improve our ability consulting unit” delivering a

## Our goals

As uncertainty grows in the global economy, price fluctuation risk for stocks, bonds, real estate, commodities, and other assets is continuing to rise. Client needs are becoming increasingly sophisticated and diverse as corporations expand globally. The operating environment is moving at an ever-faster pace in parallel with technological progress, as typified by Fintech. Amid these conditions, we at the Global Products Unit are aiming to demonstrate our specialized capabilities by ascertaining changing trends in the environment surrounding our clients and offering a broad range of solutions.

Our activities are primarily divided into two areas: investment banking and transaction banking. Our role is to act as a platform for financial products that support the Mizuho group’s activities.

The unit’s strengths are our strong collaboration with group companies such as our banking, trust banking, and securities entities, and our financial product expertise. By substantially increasing the sophistication of our operating framework on a global basis, we are demonstrating these strengths. To be sure, drawing on these strengths to the fullest extent possible to enhance our risk-taking capabilities is an issue that we must address going forward.

**Goji Fujishiro**

Head of Global Products Unit



## 1. Current environment

External environment

### Economic/social environment, client characteristics

- Rising number of companies aiming to globalize their business activities
- Increase in the influence of external shareholders on corporate management
- The management of SMEs and middle market companies are aging, and there is a shortage of successors
- Expansion in investments in real estate and other such assets in today’s negative interest rate environment
- Continuing high price volatility of stocks, bonds, real estate, commodities, etc.
- Increase in social welfare costs as the population ages in Japan and resulting pressure on fiscal resources
- Innovation and technological progress, as typified by Fintech

### Competitive & regulatory environment

- Commoditization of many financial products
- Increasing number of companies from other industries entering the financial sector

Our perception of opportunities and risks

### Opportunities

**Demonstrating strong collaboration among group companies and a high level of knowledge and expertise regarding products**

- Increasing need for Japanese companies to enter overseas markets and review their business portfolios
- Growing need for business and asset succession
- Expansion in demand for real estate investments among global investors, including Japanese investors
- Rising need for support related to infrastructure investment and concessions
- Rising potential for offering new solutions through inter-industry collaboration

### Risks

- Deterioration in the operating environment accompanying the decline in interest income
- Intensifying competitive environment accompanying the entry of companies from other industries into the financial sector
- New and stricter laws and regulations



## to respond to client needs and to become a “products high level of expertise on a global basis

By drawing on our strengths, which include strong group collaboration and sophisticated professional capabilities, we are working to enhance our risk-taking capabilities while taking the perspectives of investors into account. Our aim is to become a “products consulting unit” providing sophisticated expertise and delivering optimal solutions to meet our clients’ needs.

As for our specific initiatives, we are responding seamlessly to our clients’ needs and supporting their corporate growth by offering a wide range of products and solutions that are appropriate for each specific company’s development stage and requirements. In this, we will fully draw on the banking, trust banking, and securities functions of the group—not only in our advisory and financing business in the M&A sector and when serving as an intermediary in the real estate sector, but also in foreign exchange transactions and when we serve as the IPO bookrunner or transfer agent when a company becomes listed on a stock exchange.

In addition, we will contribute to the growth of industries and meet societal needs by providing support on a global basis in each sector, supporting companies’ globalization efforts and working to make renewable energy more widespread by backing the solar and wind power industries.

As for our newest initiatives, we believe that to meet the increasingly diverse needs of our clients, we must not hesitate to go well beyond existing product domains and to create dynamic new solutions. By utilizing our unit’s knowledge and expertise, we are taking the initiative to develop solutions that better match client needs. In addition, by using RPA\* and other technologies to increase internal business process efficiency, we can focus on enhancing our ability to offer services and develop our capabilities to better respond to client needs.

In implementing these initiatives, we intend to become a “products consulting unit” and to contribute to greater convenience for our clients and to social progress.

\*Robotic Process Automation: A type of software that makes it possible to input, process, collect, and check data accompanied by simple decision making.

## 2. Value creation

### Value for clients

- Value chains that combine multiple solutions through collaboration among group companies
- Optimal solutions for clients’ needs, such as M&A and IPOs
- Support for clients’ global expansion via collaboration among our offices in Japan and overseas in a wide range of product areas

### Value for society

- Contribute to companies’ globalization via support in sectors such as M&A and transaction banking
- Contribute to the growth of various industries by providing solutions that respond to such policy trends as infrastructure exports and concession projects
- Provide solutions that respond to transformations in the social structure by developing new products based on technological innovation
- Assist the spread of renewable energy through means such as supporting the solar and wind power industries

## Global Products Unit

### FY2017 results and FY2018 focus

#### Results

In fiscal 2017, we reported generally favorable results in both investment banking and transaction banking, and were therefore able to contribute to the performance of each of Mizuho's in-house companies.

For example, in the syndicated loan sector, for the ninth consecutive year we placed No.1 as the market leader for syndicated loans in Japan, based on our ability to respond promptly to a range of client needs.

In addition, in the real estate field, we identified the needs of the market and investors, and together with Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, Mizuho Real Estate Sales, Mizuho Realty One, and other members of the group, we compiled an extensive track record, including the conclusion of major projects, and reported favorable results for the fiscal year.

As for transaction banking, we worked to make client services more convenient, including upgrading features that allow clients to open accounts online rather than having to visit one of our

branches. By offering carefully tailored services in various areas, including custody, cash management, and trade finance, we received No. 1 rankings from external assessment organizations.

In addition to these activities, we undertook new initiatives by drawing on our strengths, which include close and strong collaboration with our group companies in banking, trust and banking, securities, and other businesses as well as our product knowledge and expertise.

For example, one of the ways in which we demonstrated our unit's product knowledge was by investing in Japan's first Social Impact Bonds\* business. We also provided funds for environmentally-friendly projects that involved Mizuho issuing its first Green Bonds, offered investment opportunities for ESG investors, and other new initiatives that made available additional opportunities for solving the problems facing society.

\*Social Impact Bonds: A results-linked framework that enables the public sector to make use of private funds

#### Future direction

In fiscal 2018, our objective will be to continue to provide a wide variety of effective products and solutions that are appropriate for the stage of development of our clients and the issues they confront. To do this, we will substantially increase collaboration with Mizuho group companies in the banking, trust and banking, and securities businesses and draw even more than before on the products and high-level specialized expertise of our unit. We will prioritize initiatives to help meet rising needs for services related to business and asset succession, solutions for the tight fiscal positions of local governments owing to rising welfare costs, and other social problems as well as issues faced by our clients in today's environment.

In terms of business succession and M&A needs arising from clients' business strategy considerations, we will offer support for clients' business succession to non-family interests using the Mizuho Business Succession Fund and other optimal solutions to meet needs related to restructuring and realigning business portfolios.

In today's environment where the fiscal positions of local governments are tightening and the demand for making more efficient use of real estate assets is rising, we will offer an organic combination of multiple solutions available from group companies and provide support for the transition to new concession\* arrangements that make use of private-sector funds.

For regional financial institutions in Japan that are confronted with deterioration in their interest income, we will work closely with them and collaborate in offering financial products to retail customers as well as work to contribute to regional areas.

Through these various initiatives, we will support Mizuho as a financial services consulting group from the financial product perspective and thereby contribute to solving a wide range of issues faced by our clients and society as a whole.

\*Arrangements where ownership of public facilities remains with the public sector, but operation of the facility is subcontracted to the private sector

### 3. Business plan

#### Trends in risk appetite

- Offer product functions for each of Mizuho's in-house companies and entities with the aim of expanding our non-interest income business
- Maintain asset rotation readiness with a focus on ultra-long-term assets and non-yen currency assets based on regulatory and market trends
- Take up the challenge of new business areas by developing products that are based on technological innovation and transcend existing domains

#### Action plan

- Respond to a wide range of client needs by seamlessly offering diverse products that integrate our group companies' banking, trust banking, and securities functions
- Strategically reduce risk assets to generate new asset investment reserves and achieve a high ROE
- Leverage our product expertise and market sensitivity to open up new domains of business
- Further boost productivity, via applications of technology and organizational reform

# 2017 highlights

## Principal accomplishments in investment banking

	FY2017 results
Syndicated loans (Japan)	No. 1 <sup>1</sup>
ABS lead underwriter	No. 1 <sup>2</sup>
Project finance (Japan)	No. 1 <sup>3</sup>

1. Amount basis, bookrunner basis
2. Amount basis, asset-backed securities
3. Amount basis, bookrunner basis

## Principal accomplishments in transaction banking

	FY2017 results
Custody	No. 1 <sup>4</sup>
CMS	No. 1 <sup>5</sup>
Trade Finance	No. 1 <sup>6</sup>

4. Mizuho won first place in custody bank survey rankings (in the Japanese market) in *Global Custodian* magazine.
5. Mizuho won first place in the Cash Management Service (CMS) ranking survey of *Euromoney* magazine (in the Japanese market).
6. *Global Trade Review* awarded Mizuho the "Best trade finance bank in East Asia & the Pacific" award.

## Solutions supporting sustainable growth for our clients and society

### Received award for best trade finance bank in East Asia and the Pacific

Mizuho Bank won the award for best trade finance bank in East Asia and the Pacific among *Global Trade Review's* (GTR) choice of Leaders in Trade.

GTR is one of the major magazines in the industry which is read by financial institutions, regulators, traders, and manufacturers in over 90 countries. We were selected for this award because of *GTR's* high evaluation of our strengths in trade finance, such as a broad network and quality of services, including supply chain finance, and our track record in customized product offerings for leading companies around the world.

We will continue pursuing excellence with the goal of being our clients' most trusted financial services consulting group.



### Healthcare bond issue, with Mizuho Securities as sole lead underwriter, wins Deal of the Year Award

In 2017, Mizuho Securities acted as sole lead underwriter for the healthcare bonds of Groupe BPCE and received the Deal of the Year Award from mtn-i\*. BPCE is a leading financial group based in France, and the proceeds of the bond issue were made available for BPCE's clients in the healthcare industry, mainly in the form of loans. Just before this bond issue, Mizuho Securities acted as joint bookrunner for BPCE's inaugural social bonds too, which were also the first Samurai social bonds in the finance industry. These initiatives were timely and coincided with the rising interest in and demand for ESG bond investments among Japanese investors. Mizuho will continue to contribute to the sustainable development of society through our financing activities.

\*mtn-i, Ltd. is an information platform based in the UK that issues market analyses and market information.



## Research & Consulting Unit



## With Mizuho's One Think Tank proactively to develop solutions

### Our goals

Although the global economy is moderately expanding, in the current environment we must note rising uncertainties, including geopolitical risk. In addition, since climate change, growing wealth inequality, and other issues are becoming more serious, there is increasing interest in the UN's Sustainable Development Goals (SDGs\*) and other social issues. Given this operating environment, requirements for high-quality research and consulting among our clients and society at large are growing stronger and stronger.

Mizuho's Research & Consulting Unit brings together the research and consulting capabilities of the Mizuho group in what we refer to as One Think Tank, which works to address the issues confronted by clients in terms of corporate management, finances, and strategy as well as in business/asset succession, and IT systems. One Think Tank also seeks to offer effective solutions in areas such as the natural environment, energy, infrastructure, and healthcare.

## Motonori Wakabayashi

Head of Research & Consulting Unit

### 1. Current environment

External environment

#### Economic/social environment, client characteristics

- Increasing uncertainty in the global economy
- Rising interest in addressing social issues, including climate change and wealth inequality
- Increasing business succession related needs at SMEs in Japan
- Exponential progress in digital innovation
- Growing number of initiatives through public and private sector collaboration

#### Competitive & regulatory environment

- Competitors moving in similar strategic directions
- Unbundling of research fees under the EU's MiFID II regulations regarding securities research

Our perception of opportunities and risks

#### Opportunities

Deploy the group's research and consulting functions to provide seamless services to clients

- Growing need for top-quality research and information on the macro-economy and industrial trends
- Widening requests for consulting related to ESG and other non-financial indicators to contribute to solving social issues
- Increasing need for consulting related to business succession and asset succession
- Expanding need to develop new business utilizing AI, Big Data, etc.
- Growing need for advisory services related to the expanding range of PPP and PFI projects

#### Risks

- Intensified competition leading competitors to adopt similar strategies
- Changes in business structures along with reviews and revisions of regulations

## as a key source of our value creation process, we work regarding the issues facing our clients and society as a whole

Over the two years since our unit was formed in April 2016, we have endeavored to build strong foundations for OneThink Tank that can function as a resource for our clients and Mizuho's in-house companies alike. Accordingly, we have built a framework to share OneThink Tank's functions seamlessly throughout the group with the aim of developing comprehensive solutions.

Our objective is to become our clients' best partner, providing solutions to support the sustainable growth of our clients and society. This is the objective of Mizuho as a whole, and OneThink Tank is positioned as the fifth pillar of our business strategy for realizing this objective. Looking ahead, we will work even more proactively to contribute to the development of our clients and society as a source of value creation.

The numerous specialists in our unit give us an edge in terms of being a source of value creation. We have further sharpened our industry and solutions expertise, which has given us a competitive advantage. We are also broadening opportunities

for creating new value by developing our IT and digital edge in new growth fields.

By positioning OneThink Tank as a source of value creation, we will contribute more to strengthening Mizuho's earnings power. To do this, an essential element will be collaboration with Mizuho's in-house companies. By sharing our knowledge and expertise with the frontlines of our business, we can further enhance collaboration with each in-house company.

As a unit of specialists, we are working to cultivate many new business domains, and by substantially strengthening our collaboration within Mizuho, we are working to contribute to the development of our clients and society as a whole, thereby fulfilling OneThink Tank's role as a source of value creation.

\*The international goals stated in the "2030 Agenda for Sustainable Development" that were adopted at the United Nations Summit held in September 2015 are for achievement between 2016 and 2040

## 2. Value creation

### Value for clients

- Offer upstream and downstream comprehensive solutions encompassing macroeconomic, industrial, and digital technology factors to help clients implement their growth strategies
- Strategically reorganize Mizuho's corporate membership organization, which is the largest among Japanese banks, and provide extensive expertise to a wide range of clients including SMEs and middle market corporations, as well as business owners

### Value for society

- Against the backdrop of Japan's declining birthrate and demographic aging of the population, contribute to regional revitalization and nurture next-generation industries by offering policy proposals and consulting based on a combination of OneThink Tank's specialized areas of expertise
- Contribute to the improvement of social infrastructure and environmental issues in Japan and around the world through PPP/PFI advisory services, drawing on our public policy expertise
- Offer useful information related to solving social issues based on reports and forums held with the objective of sharing our high-level expertise regarding a range of areas from economic/social trends to structural changes in industries and individual fields such as the environment, social security, and IT

## Research & Consulting Unit

### FY2017 results and FY2018 focus

#### Results

Fiscal 2017 was the second year since the formation of the Research & Consulting Unit. By consolidating the group's research and consulting functions within this unit, we are developing solutions of greater depth and breadth, and through collaboration with Mizuho's in-house companies, we are helping to expand Mizuho's business.

For example, the OneThinkTank Forum and OneThinkTank Report present our ultra-long-term vision of Japan's future through 2050 and demonstrate OneThinkTank's considerable expertise and insights. These activities have significantly boosted Mizuho's brand image and have provided assistance to clients in formulating their medium- to long-term strategies.

These activities have markedly increased collaboration with in-house companies. We are providing our large corporate clients not only with strategic planning and hypothetical scenario proposals for the Japanese market, but are also increasingly presenting proposals that are global in scope. As client needs

#### Future direction

As uncertainty in the economy and society grows, and the business and social issues confronting our clients become more diverse, there is increasing need for the unique capabilities that OneThink Tank can offer.

In fiscal 2018, we are working to further develop our business based on OneThink Tank's specialized professional capabilities. For example, we are establishing stronger links with Mizuho's investment banking business by developing proposals for the further expansion of clients' global business activities. In addition, using our business succession consulting as a base, we are also working to expand our real estate intermediary, finance, and assets in custody businesses. Through these activities, we are endeavoring to provide one-stop support for our clients, ranging from strategy formulation to implementation, and implementing initiatives to increase our fundamental earnings power.

In April 2018, we merged Mizuho's various membership services and membership organizations for corporations to create a single service, Mizuho Membership One ("MMOne"). MMOne provides expanded content as well as improved convenience and functionality for clients using our membership services. The objective is not only to offer clients high-value-added information

among SMEs and middle market companies become more diverse and complex, we have substantially increased the number of consulting professionals providing advice on growth strategies and business succession. We have also upgraded our talent development practices and taken other measures to expand our response capabilities. Such steps have clearly enhanced our ability to respond to a broader range of needs.

Among other results, we have cultivated leading-edge advances in IT and digital fields, including verification tests making use of personal information conducted through collaboration among government organizations and private entities, which is known as the Information Bank Project. We have also worked to develop AI image analysis technology and RPA\* adoption support as well as support for business matching through our ability to assess the potential applications of new technologies.

\*RPA stands for robotic process automation. For example, software that "learns" and automates business processes, completing tasks that previously were done manually by computer users.

and expertise, but also to provide relationship managers at our branches with this information to help them enhance the proposals they make to clients, both remotely and face-to-face. In this sense, we are working toward building a community that generates information and business opportunities, truly enabling Mizuho and its clients to continue to grow and succeed together.

Moreover, we are working to accelerate our efforts to find solutions for social issues. These activities include providing advisory services for the growing PPP/PFI market (projects involving public and private sector collaboration), developing products and services based on the RPA software introduced by Mizuho, and addressing new and challenging domains in the ESG\* area.

Through these various initiatives, OneThinkTank is becoming even more proactive, and is taking on the challenge of helping to address client and social issues as well as evolving toward our goal of being a strong source of value creation.

\*ESG stands for environment, social, and corporate governance. In recent years, these three aspects of corporate activities have come to be recognized as having an impact on corporate sustainability.

### 3. Business plan

#### Trends in risk appetite

- Provide optimal solutions based on the risk appetite policies of our in-house companies and address increasingly diverse and sophisticated client needs
- As a result of the consolidation of Mizuho's research and consulting functions within the unit, use the OneThink Tank competitive edge to attain greater depth and breadth to our capabilities, and collaborate with the in-house companies to a higher degree in order to become a source of value creation and contribute to the development of our clients, society, and Mizuho as a whole

#### Action plan

- Structure Mizuho's value chain with OneThinkTank as the foundation
- Strategically strengthen the functions within the unit and operate as a unified organization in order to meet expanding client needs effectively and efficiently
- Pursue additional development of MMOne as a community that generates information and business opportunities with the goal of having Mizuho grow together with our clients

# 2017 highlights

## Solutions supporting sustainable growth for our clients and society

### Established and expanded Mizuho Membership One (MMOne)

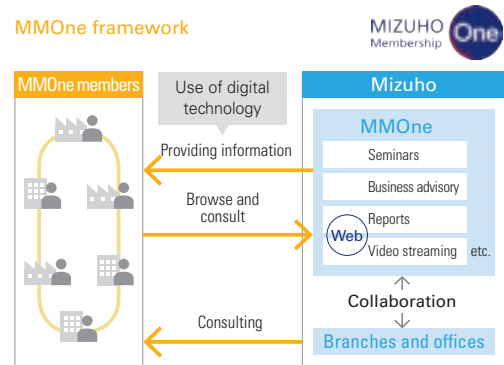
In April 2018, we integrated the group's corporate membership systems and services, including the corporate membership service of Mizuho Research Institute, Forum-M, which was the largest of its kind among Japanese banks, and established Mizuho Membership One (MMOne).

MMOne will offer one-stop, online and offline access to the wide range of information services that Mizuho can offer, which will be useful to clients when formulating their business strategies.

Moreover, going forward, we plan to introduce digital technology to further develop the services of MMOne as a core element of our self-service offerings.

As a result of the value MMOne can offer, OneThinkTank, and Mizuho as a whole, will better be able to contribute solutions for a wider range of clients.

### MMOne framework



### OneThinkTank Forum held as part of the Tokyo 2020 Nationwide Participation Program



Mizuho is one of the Tokyo 2020 Olympic Gold Banking Partners, and together with *Nihon Keizai Shimbun*, which is a Tokyo 2020 Olympic Official Partner in the newspapers category, we held the Mizuho OneThinkTank & Nikkei 2020 Forum for the second consecutive year. This year's theme was "A Giant Leap Forward from 2020: An Ultra Long-term Vision of Japan's Future." Presentations at the forum offered insights into Japan's economic growth going forward 10 years, 20 years, and 30 years from 2020, the year of the upcoming Olympic and Paralympic Games Tokyo 2020. A key topic was what will be the "innovation" that will be needed to ensure a bright economic future for Japan. Representatives from OneThinkTank gave presentations, along with other knowledgeable experts, and participated actively in the discussions while giving their own sharply honed views regarding "Japan's Ultra Long-term Vision."

### Contributing to clients' adoption of Japan's workstyle reforms by providing support for RPA\* implementation

Mizuho Information & Research Institute (MHIR) launched nationwide support services for financial institutions, corporations, government agencies, and local government organizations looking to implement RPA.

In order to adopt the workstyle reforms promoted by the Japanese government and adapt to the decline in the working population and other developments in the business environment, greater attention is being given to RPA, which makes it possible to automate certain processes that were formerly completed manually. Based on MHIR's experience and expertise gained through introducing RPA within Mizuho, we provide a comprehensive range of support, from making plans to introduce RPA, offering various kinds of templates needed for the system, and offering advice on the choice of products, to the development of RPA systems as well as their operation and maintenance. Through these activities, MHIR contributes to clients' efforts to increase operational efficiency and raise productivity by providing both IT solutions and consulting.



\*RPA: Robotic process automation

### Supporting the Osaka Municipal Subway to become incorporated



Mizuho Research Institute (MHRI) became the first company in Japan to sign a contract for assisting with the incorporation of a subway operating company. MHRI obtained this mandate by emphasizing our collective group capabilities, which include strict process management and the ability to provide a full range of related services.

In Japan, maintaining the stable operation of the urban transport infrastructure has become an issue because of the decline in the birthrate and the aging of the population, which may lead to a decline in subway users in the years ahead.

MHRI pioneered the implementation of PFI projects in Japan, and to date has made arrangements for more than 400 such projects. In recent years, MHRI has strengthened its capabilities in this area and has performed the role of acting as a bridge between public and private sectors to promote economically viable PPP/PFI\* projects and expand the market for PPP arrangements, mainly in infrastructure development.

\*PPP: Public private partnership; PFI: Private finance initiative

# Corporate governance

Mizuho Financial Group, as the group's holding company, is pursuing a vision regarding the shape and role of our Board of Directors and corporate governance. To fulfill our social role and mission by creating value for shareholders and other stakeholders, realizing improved corporate value through continuous and stable corporate growth, and contributing to economic and industrial development and the prosperity of society inside and outside of Japan, we have established our corporate governance system with the Board of Directors at its core, and are working to further enhance our corporate governance.

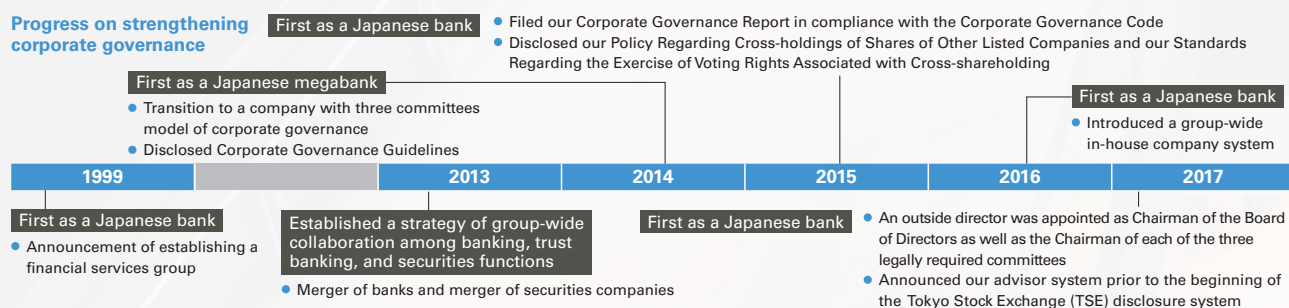
## Basic policy regarding Mizuho Financial Group's corporate governance system

<b>Effectiveness</b>	<b>Ensuring the separation of supervision and management</b> Secure the effectiveness of corporate governance by ensuring the separation of supervision and management and making supervision of the management, such as the execution of duties by executive officers, the primary focus of the Board of Directors
<b>Speed</b>	<b>Delegating decisions on business execution to the executive officers</b> Make it possible for the management to make swift and flexible decisions and realize expeditious corporate management by enabling the Board of Directors to delegate decisions regarding business execution to the executive officers
<b>Transparency and fairness</b>	<b>Securing independence of management supervision</b> Utilize committees and other forms of oversight, comprised mainly of outside directors who are not members of the management of Mizuho, and secure transparency and fairness in decision-making processes regarding the appointment and dismissal of, and compensation for, the management as well as ensure effective supervision of the management
<b>Global perspective</b>	<b>Adopting global standards</b> Establish a governance structure appropriate for a global financial group by actively adopting operations and best practices that are recommended at a global level

## Principal features of Mizuho Financial Group's corporate governance system

<b>Composition of the Board of Directors</b>	<b>The majority of the Board of Directors shall be comprised of non-executive directors.</b> In light of the role of the Board of Directors to supervise the management, the number of non-executive directors (outside directors and internal non-executive directors) shall comprise a majority of the directors in the Board of Directors. Meanwhile, we appoint a sufficient number of internal directors for the purpose of ensuring quality, including expertise, in decision making and effective supervision by directors who are familiar with financial businesses and regulations as well as Mizuho's business model.
<b>Chairman of the Board of Directors</b>	<b>The Chairman of the Board of Directors shall, in principle, be an outside director.</b> The Chairman of the Board of Directors shall, in principle, be an outside director (or at least a non-executive director) in light of the role of the Board of Directors to supervise the management. The Deputy Chairman of the Board of Directors shall be selected from among the internal non-executive directors and shall assist the Chairman in the performance of his or her duties.
<b>Composition of the Nominating Committee and Compensation Committee</b>	<b>The members of the Nominating Committee and the Compensation Committee shall all be outside directors.</b> The members of the Nominating Committee and the Compensation Committee, including the Chairman, shall be appointed from among the outside directors (or at least non-executive directors) to ensure objectivity and transparency in the process of appointment of, and compensation for, directors.
<b>Chairmen of the Nominating, Compensation, and Audit Committees</b>	<b>The Chairmen of the Nominating, Compensation, and Audit Committees shall be outside directors.</b>

### Progress on strengthening corporate governance



### Compliance with Japan's Corporate Governance Code

Our Corporate Governance Guidelines set out the fundamental perspectives regarding corporate governance at Mizuho, and the framework of the corporate governance system, including the roles, composition, and governing policies regarding the Board of Directors, executive officers, Nominating Committee, Compensation Committee, and Audit Committee for Mizuho Financial Group as a Company with Three Committees. In addition, the Corporate Governance Report, which sets out the status of the corporate governance system of the group, is submitted to the TSE and posted on the websites of the TSE and Mizuho Financial Group.

### Advisor system

In some cases, Mizuho group companies appoint personnel, who have previously served as President and Chief Executive Officer or in other senior positions, as senior advisors or honorary advisors ("Advisors"). These Advisors are responsible for assisting the company and its subsidiaries in fulfilling their social responsibilities and contributing to the further development of these activities. For this purpose, Advisors oversee the activities of economic organizations and activities that contribute to society. Agreements with these Advisors stipulate that they will not be involved in corporate management.

### Corporate Governance Guidelines

[https://www.mizuho-fg.com/company/structure/governance/pdf/g\\_guideline.pdf](https://www.mizuho-fg.com/company/structure/governance/pdf/g_guideline.pdf)

### Corporate Governance Report

[https://www.mizuho-fg.com/company/structure/governance/pdf/g\\_report.pdf](https://www.mizuho-fg.com/company/structure/governance/pdf/g_report.pdf)



## Interview with the Chairman of the Board of Directors

### Mizuho is building an advanced corporate governance system with the aim of increasing our corporate value.

#### How the Board of Directors meetings are conducted

One of Mizuho's most important tasks is increasing our earnings power. During the 14 meetings of the Board of Directors held in FY2017, the most time was devoted to cost structure reform and identifying the issues that must be addressed to make the in-house company system a success. Since a new medium-term business plan will be prepared during the current fiscal year, the results of these Board meetings will be reflected in the plan, and we will do our utmost to attain our objectives.

#### My focus as the Chairman of the Board of Directors

For the past four years, I have focused on raising the quality of discussions in the Board of Directors meetings. By having an outside director serve as the Chair of the Board, the sense of counterbalance with the members responsible for execution of business policies is maintained, and this is very important for effective corporate governance. However, in addition to having a sense of counterbalance in the meetings, we also need to foster trust between management and the outside directors. This is why we make arrangements frequently for discussions outside the regular Board of Directors meetings where management and the outside directors can exchange opinions in a more informal setting. Going forward, I will continue to work together with the Board members to ensure that the Board of Directors truly fulfills its role.

#### What is most important for increasing Mizuho's corporate value

Mizuho is definitely undergoing change, but our governance system can be said to have been successful only when we achieve a substantial increase in profitability. This means we must work much harder and implement further reforms. In addition to making fundamental structural reforms, we must clarify our business portfolio, implement our branch transformation strategy, and take other initiatives. Moreover, other issues going forward include the need to go much deeper in terms of efforts to raise productivity and make major improvements in our fundamental earnings power. We at Mizuho have a broad customer base as well as top-class talent. How we can draw on these resources to demonstrate our potential strengths will hold the key to success. A key element will be our personnel evaluation system; we have changed this system by going beyond deducting evaluation points for mistakes that may have been made and now give credit for accepting and tackling challenges even if the attempt ends in failure. I know it will not be easy to change the mind-set of each and every employee in this regard. It will take time to show results, but doing so will make Mizuho an open and strong organization.

This fiscal year is the final year of our current medium-term business plan, and we must be accountable for results over the past three years under the plan. I would like to conduct the Board of Directors so that outside directors and management will share a sense of urgency and a drive to get things done.

#### What we expect to accomplish under the new corporate governance system

In April 2018, we were off to a new start under the leadership of our CEO, Tatsufumi Sakai. As a member of the Nominating Committee, I was involved in his selection as the CEO. I am looking forward to Mr. Sakai's strong energy as well as his capabilities for dealing with difficult issues to see us through this period of rapid change. We will aim to have the business execution side led by Mr. Sakai and the outside directors share a common vision and support Mizuho's transformation.

**Hiroko Ota** Chairman of the Board of Directors



# Corporate governance

## Corporate governance system

We have adopted a Company with Three Committees model of corporate governance with the belief that, under the current legal system, this model is the most effective as a means of realizing the objectives of our basic policy regarding Mizuho Financial Group's corporate governance system.

### ■ Composition of the Board of Directors

Non-executive directors shall comprise a majority of the directors in the Board of Directors.

### ■ Chairman of the Board of Directors

The Chairman shall, in principle, be an outside director.

### ■ Composition of the Nominating Committee and Compensation Committee

In principle, all members shall be appointed from among the outside directors.

### ■ Chairmen of the Nominating Committee, Compensation Committee, and Audit Committee

The chairman of each committee shall be an outside director.

### ■ Evaluating the effectiveness of the Board of Directors

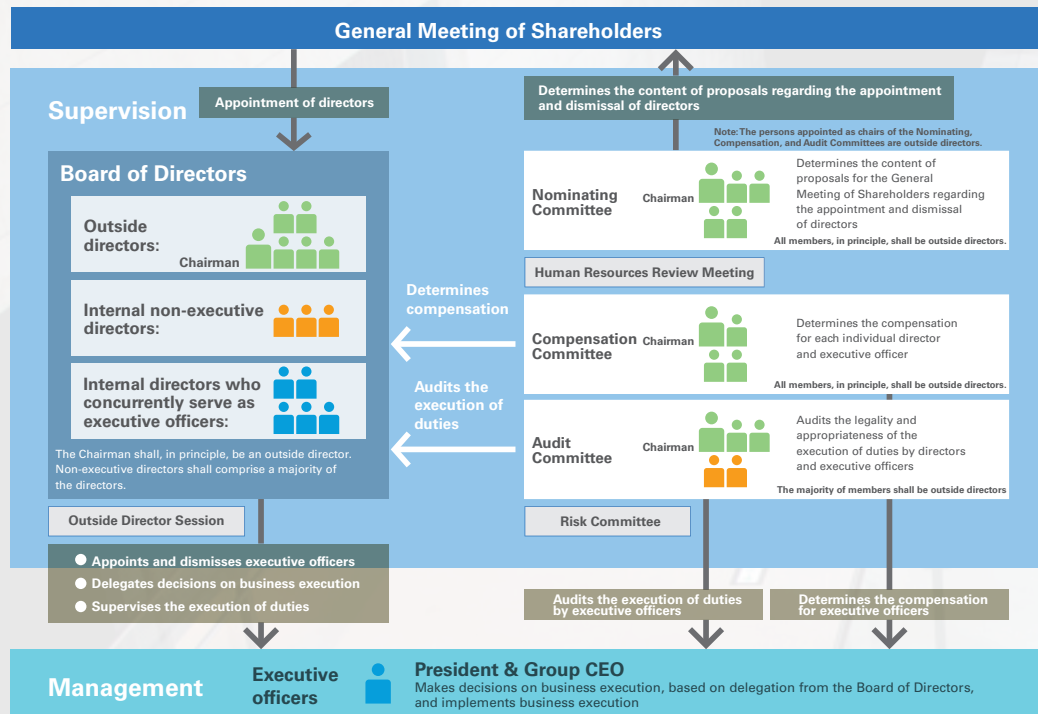
The Board of Directors shall perform an analysis and evaluation of the effectiveness of the Board of Directors as a whole each year and shall disclose a summary of the results. Based on such analysis and evaluation of effectiveness, in order for the Board of Directors to exercise its management oversight role to the maximum extent, the Board considers and implements necessary measures. For further details, please refer to our website:

<https://www.mizuho-fg.com/company/structure/governance/structure.html>

### ■ Overview of Independence Standards

For Mizuho Financial Group's Overview of Independence Standards of Outside Directors, please refer to our website:

[https://www.mizuho-fg.com/company/structure/governance/pdf/o\\_director.pdf](https://www.mizuho-fg.com/company/structure/governance/pdf/o_director.pdf)



## Directors

### Appointment of directors

In the course of appointing directors who concurrently serve as executive officers, candidates to be appointed as directors are personnel who satisfy matters such as the appointment policy set out by the Nominating Committee, and executive officers such as the Group CEO and others who have been appointed to roles (CFO, CRO, CCO, CSO, etc.) where their duties include carrying out checks and balances with respect to the management.

Each candidate to be appointed as an outside director must satisfy the following in order to fully exert his or her supervisory function.

- (1) The candidate has deep insight and knowledge and extensive experience in areas such as corporate management, risk management, compliance with laws and regulations, crisis management, financial

accounting, internal control, macroeconomic policy (including finance and industry), organizational and cultural reform, or global management.

- (2) The candidate has the ability to obtain an overview and understanding of the overall management of Mizuho, the ability to grasp essential issues and risks, and the ability to appropriately interview management and express opinions to and persuade management.
- (3) It is recognized that the candidate is independent from the management of the group in light of the Independence Standards of Outside Directors of Mizuho Financial Group.



## Outside directors

### Outside directors and reason for their appointment

Name	Reason for appointment as an outside director
Tetsuo Seki	Expected to contribute to (i) strengthening the effectiveness of both the decision-making and supervisory functions of Mizuho Financial Group's Board of Directors and (ii) Mizuho Financial Group's effort to further enhance internal control systems and group governance, leveraging his extensive experience and deep insight as a top executive.
Takashi Kawamura	Expected to contribute to (i) strengthening the effectiveness of both the decision-making and supervisory functions of Mizuho Financial Group's Board of Directors and (ii) Mizuho Financial Group's effort to enhance group governance, leveraging his extensive experience and deep insight as a top executive who has implemented bold management and corporate governance reforms.
Tatsuo Kainaka	Expected to contribute to (i) strengthening the effectiveness of both the decision-making and supervisory functions of Mizuho Financial Group's Board of Directors and (ii) the further enhancement of the corporate governance, compliance, and risk management system of Mizuho Financial Group, leveraging his extensive experience, deep insight, and high level of expertise as a prosecutor, judge, and attorney-at-law.
Hirotake Abe	Expected to contribute to strengthening the effectiveness of both the decision-making and supervisory functions of Mizuho Financial Group's Board of Directors, leveraging his extensive experience, deep insight, and high level of expertise as a certified public accountant.
Hiroko Ota	Expected to contribute to strengthening the effectiveness of both the decision-making and supervisory functions of Mizuho Financial Group's Board of Directors, leveraging her extensive experience, deep insight, and high level of expertise as a university professor and a Minister of State for Economic and Fiscal Policy of the Cabinet Office, which includes, among other things, the ability to see things from a macroeconomic perspective (e.g., from a public policy and economic policy perspective) as well as a high level of awareness of the problems that must be resolved for the revival of the Japanese economy.
Izumi Kobayashi	Expected to contribute to strengthening the effectiveness of both the decision-making and supervisory functions of Mizuho Financial Group's Board of Directors, leveraging her extensive experience and deep insight as a top executive who has served both in and outside Japan.

## Director training

We provide our directors with opportunities to acquire and improve knowledge that is necessary to fulfill their expected roles and duties, at the time of appointment and continuously thereafter.

### 1. Offering all directors opportunities for acquiring knowledge and self-improvement

- Training is provided for newly appointed directors, mainly regarding the duties and responsibilities of directors, and is conducted by an outside instructor (lawyer).
- Training is also held and conducted by an outside instructor regarding compliance and customer protection and awareness of human rights/LGBT related issues.
- Directors gain an overall perspective of the management of the group by discussing various proposals, reports, and other activities in the Board of Directors' meetings
- When necessary for the performance of duties, directors in charge of various areas make individual presentations; advice and instruction is provided by external specialists, and training is provided (at the company's expense).

### 2. Opportunities to acquire and improve knowledge for outside directors

#### At the time of appointment

##### Acquiring an understanding of the group's financial and other businesses

- Intensive explanation at the time of appointment will be conducted individually for each newly appointed outside director.
  - Explanations from executive officers in charge of different business areas, the Deputy Chairman of the Board of Directors, and the General Manager of the Corporate Secretariat regarding Mizuho's Corporate Identity, business domain, business strategy, medium-term business plan, annual business plan, organizational structure/authorities, finances, risk/compliance management, human resources, IT systems/operations, internal audits, corporate governance system, etc.

#### Post-appointment (the examples below were conducted for fiscal 2017)

##### Strengthening ties with the frontlines of the business

- Arranging for opportunities for workplace visits, including Head Office departments, trading rooms, and Asset Management One

##### Deepening understanding of Board of Directors' proposals

- Sitting in on meetings of the general managers of the Three Core Companies\*
- Providing for thorough explanations of Board of Directors' proposals in advance and follow-up (after each Board meeting)

##### Improving communication at times other than the Board of Directors' meetings

- Off-site meetings regarding business operations
  - For holding open discussions among outside directors, heads of in-house companies, and President & CEOs of the Three Core Companies\*
- Lunches following the Board of Directors meetings and receptions and dinners for outside directors and executive officers
  - Meetings to exchange information with the internal directors and opportunities to acquire other necessary knowledge and share information about financial innovation and other topics

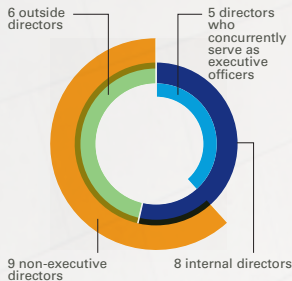
##### Outside director session

- These meetings are held to exchange opinions regarding dealing with shareholder proposals and the operations and effectiveness of the Board of Directors.

\*Three Core Companies: Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities

# Corporate governance

## ■ Composition of the Board of Directors



## ■ Area of expertise of outside directors

Corporate management:	3 directors
Law:	1 director
Finance/ accounting:	1 director
Economic and fiscal policy:	1 director

## ■ Tenure of directors

less than 3 years:	6 directors
3 years or more but less than 6 years:	7 directors
6 or more years:	1 director

### Definition of terms

FG: Mizuho Financial Group  
BK: Mizuho Bank  
TB: Mizuho Trust & Banking  
SC: Mizuho Securities  
CB: Mizuho Corporate Bank

The former Mizuho Bank and the former Mizuho Corporate Bank conducted a merger on July 1, 2013, whereby the former Mizuho Corporate Bank was the surviving company in an absorption-type merger and changed its trade name to Mizuho Bank.

For further details on the backgrounds of directors, please refer to our website:

<https://www.mizuho-fg.com/company/info/executives/index.html>

## Board of Directors



**a Hisashi Kikuchi**  
Member of the Board of Directors  
Managing Executive Officer / Head of Strategic Planning Group (Group CSO)

Career highlights (entity / year of appointment)  
 ■ General Manager of Tokyo Corporate Banking Division (BK/2013)  
 ■ General Manager of Corporate Secretariat (FG, BK/2015)

**h Takashi Kawamura**  
Outside director  
Member of the Nominating Committee (Chairman) / Member of the Compensation Committee

Career highlights (year of appointment)  
 ■ Representative Executive Officer, Chairman, President and Chief Executive Officer, Hitachi (2009)  
 ■ Chairman of the Board of Directors (Outside director), Tokyo Electric Power (current)

**b Hiroko Ota**  
Outside director  
Chairman of the Board of Directors / Member of the Nominating Committee

Career highlights (year of appointment)  
 ■ Minister of State for Economic and Fiscal Policy (2006)  
 ■ Professor, National Graduate Institute for Policy Studies (current)

**i Yasuyuki Shibata**  
Member of the Board of Directors  
Managing Executive Officer / Head of Risk Management Group (Group CRO)

Career highlights (entity / year of appointment)  
 ■ General Manager of Americas Treasury Division (BK/2014)  
 ■ General Manager of Risk Management Department (FG, BK/2016)

**c Ryusuke Aya**  
Member of the Board of Directors  
Deputy Chairman of the Board of Directors  
Member of the Audit Committee / Member of the Risk Committee (Chairman)

Career highlights (entity / year of appointment)  
 ■ Head of Risk Management Group (FG, BK/2013)  
 ■ Member of the Board of Directors (Audit & Supervisory Committee Member) (BK/2017)

**j Hirotake Abe**  
Outside director  
Member of the Compensation Committee / Member of the Audit Committee

Career highlights (year of appointment)  
 ■ CEO, Tohmatsu & Co. (2001)  
 ■ Certified Public Accountant (current)



■ Internal director ■ Outside director ■ Director who concurrently serves as an executive officer ■ Non-executive director

**d** Takanori Nishiyama

Member of the Board of Directors ■ ■  
 Managing Executive Officer / Head of Compliance Group (Group CCO)

Career highlights (entity / year of appointment)  
 ■ General Manager of Omiya Branch (BK/2014)  
 ■ Executive Officer in charge of Corporate Banking (BK/2015)  
 Executive Officer in charge of Banking (BK/2016)

**k** Tetsuo Seki

Outside director ■ ■  
 Member of the Nominating Committee / Member of the Compensation Committee / Member of the Audit Committee (Chairman)

Career highlights (year of appointment)  
 ■ Representative Director and Executive Vice President, Nippon Steel (2000)  
 ■ President (Representative Director), Shoko Chukin Bank (2008)

**e** Makoto Umemiya

Member of the Board of Directors ■ ■  
 Managing Executive Officer / Head of Financial Control & Accounting Group (Group CFO)

Career highlights (entity / year of appointment)  
 ■ General Manager of Osaka Branch (BK/2012)  
 ■ General Manager of Financial Planning Division (FG, BK/2014)

**l** Yasuhiro Sato

Member of the Board of Directors ■ ■  
 Chairman\*  
 \*Chairman Sato engages in the company's external activities, but does not chair the board meetings

Career highlights (entity / year of appointment)  
 ■ President & CEO (CB/2009, BK/2013)  
 ■ President & Group CEO (FG/2011)

**f** Tatsufumi Sakai

Member of the Board of Directors ■ ■  
 President & Group CEO (Representative Executive Officer)

Career highlights (entity / year of appointment)  
 ■ Head of Investment Banking Unit (FG, BK, CB/2013)  
 ■ Head of International Banking Unit (FG, BK/2014)  
 ■ President & CEO (SC/2016)

**m** Nobukatsu Funaki

Member of the Board of Directors ■ ■  
 Member of the Audit Committee

Career highlights (entity / year of appointment)  
 ■ Audit & Supervisory Board Member (CB/2010, FG/2013)  
 ■ Audit & Supervisory Board Member (outside auditor) (SC/2013)

**g** Izumi Kobayashi

Outside director ■ ■  
 Member of the Nominating Committee / Member of the Risk Committee

Career highlights (year of appointment)  
 ■ President and Representative Director, Merrill Lynch Japan Securities (2001)  
 ■ Executive Vice President, the Multilateral Investment Guarantee Agency, the World Bank Group (2008)

**n** Tatsuo Kainaka

Outside director ■ ■  
 Member of the Nominating Committee / Member of the Compensation Committee (Chairman) / Member of the Audit Committee

Career highlights (year of appointment)  
 ■ Superintending Prosecutor of the Tokyo High Public Prosecutors Office (2002)  
 ■ Justice of the Supreme Court (2002)  
 ■ Attorney-at-law (current)

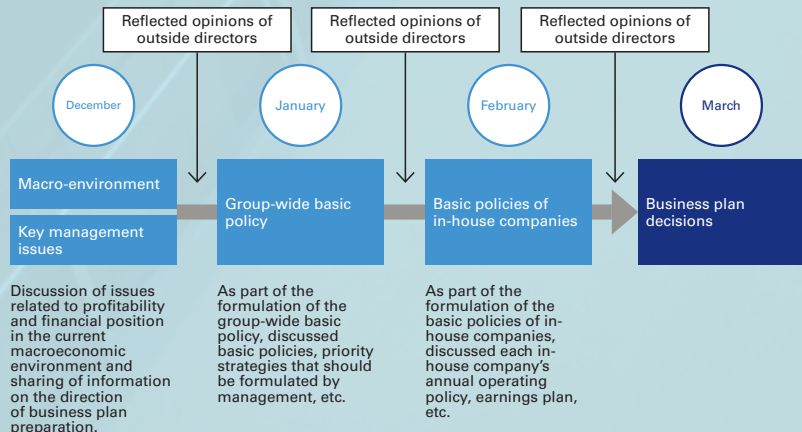
# Corporate governance

## Operation of the Board of Directors and each committee

	Board of Directors	Nominating Committee
<b>Board/Committee Chairman</b>	<p><b>Hiroko Ota</b> Chairman of the Board of Directors</p> 	<p><b>Takashi Kawamura</b> Chairman</p> 
<b>Main roles</b>	<p>The main roles of the Board of Directors are making decisions on business execution such as the basic management policy, which are matters to be determined solely by the Board of Directors under laws and regulations, and supervising the execution of duties by directors and executive officers as defined in the Companies Act. The Board of Directors has delegated decision making, in principle, to the President &amp; Group CEO for matters other than those to be determined solely by the Board of Directors under laws and regulations. The Chairman of the Board of Directors plays a central role in narrowing down the agendas to concentrate on truly necessary proposals and, regarding proposals associated with core management issues, the Board of Directors promotes comprehensive discussions of essential points in an open and vigorous manner with the inclusion of expert opinions and suggestions from outside directors.</p>	<p>The Nominating Committee is comprised mainly of outside directors who are sufficiently independent from the management of the group, and the role of the Nominating Committee is ensuring objectivity and transparency in the process of appointing executives. The Committee determines the content of proposals regarding the appointment and dismissal of directors of Mizuho Financial Group to be submitted to the General Meeting of Shareholders and exercises the approval rights held by Mizuho Financial Group with respect to the appointment and dismissal of directors of each of the Three Core Companies and exercises the approval rights held by Mizuho Financial Group with respect to the appointment and removal of representative directors and senior directors of the Three Core Companies. Also, the Nominating Committee deliberates on succession planning for the Group CEO.</p>
<b>Composition</b>	<ul style="list-style-type: none"> <li>• The Chairman is an outside director.</li> <li>• The majority of the Board of Directors is comprised of non-executive directors.</li> </ul>	<ul style="list-style-type: none"> <li>• The Chairman is an outside director.</li> <li>• The members are outside directors.</li> </ul>
<b>Operation</b>	<p>The Board of Directors held 14 meetings during fiscal 2017, and during the meetings, in-depth discussions were held regarding the overall concept of the fundamental structural reforms that Mizuho should be implementing as well as individual topics related to these reforms and issues linked with our next medium-term business plan. Meetings also included reports covering the current state of risk governance, risk management, compliance, and internal control.</p>	<p>The committee held 14 meetings in fiscal 2017 and, among other decisions, decided on the director candidates for Mizuho Financial Group, including the new Group CEO, and approved the selection of directors and representative directors of the Three Core Companies.</p>
<b>Number of meetings in fiscal 2017 (average attendance)</b>	14 meetings (98%)	14 meetings (100%)

### In the preparation of the fiscal 2018 business plan, Board of Directors' discussions were held from an early stage and directors were deeply involved in each process.

The executive officers and outside directors collaborated on the preparation of the basic strategy framework embodied in the basic management policies.





### Initiatives related to planning for the next Group CEO (succession planning)

Since adopting a Company with Three Committees model of corporate governance in 2014, the Nominating Committee began succession planning for the Group CEO. In fiscal year 2017, the Nominating Committee held a number of meetings and made their examination from various angles ranging from the timing of the succession of Group CEO Yasuhiro Sato to the decision on the candidate to be appointed as a director on the premise that the next Group CEO would assume his office. For more information on succession planning and the process for the committee's decision on the succession of the Group CEO in April 2018, please refer to the following report:

#### Corporate Governance Report

[https://www.mizuho-fg.com/company/structure/governance/pdf/g\\_report.pdf](https://www.mizuho-fg.com/company/structure/governance/pdf/g_report.pdf)

Compensation Committee	Audit Committee
<p><b>Tatsuo Kainaka</b> Chairman</p> 	<p><b>Tetsuo Seki</b> Chairman</p> 
<p>The Compensation Committee is comprised mainly of outside directors who are sufficiently independent from the management of the group, and the role of the Compensation Committee is to ensure objectivity and transparency in the process of deciding on executive compensation.</p> <p>The Compensation Committee determines the compensation for each individual director and executive officer, as defined in the Companies Act of Mizuho Financial Group, exercises the approval rights held by Mizuho Financial Group regarding compensation of each individual director of the Three Core Companies, and determines the basic policy and executive compensation system for Mizuho Financial Group and the Three Core Companies. The committee considers such factors as Mizuho Financial Group's medium- to long-term business performance and examples of other companies, including those in the same industry as well as economic and social circumstances, and engages in repeated deliberations regarding the compensation system based on the role and responsibility assigned to each officer, and makes necessary revisions.</p>	<p>The main roles of the Audit Committee are auditing the legality and appropriateness of the execution of duties by directors and executive officers as defined in the Companies Act. For this purpose, the Audit Committee obtains timely and appropriate reports and explanations from directors, executive officers as defined in the Companies Act, employees, and the independent auditor and gives instructions and recommendations when necessary. In addition, the Audit Committee ensures the effectiveness of its audits by confirming the processes and content of decision making by the business execution departments through measures by the full-time Audit Committee members such as arranging for the attendance at important meetings held by the business execution departments, examining important decision-related documents, and coordinating operations with the Internal Audit Group and other group units.</p>
<ul style="list-style-type: none"> <li>• The Chairman is an outside director.</li> <li>• The members are outside directors.</li> </ul>	<ul style="list-style-type: none"> <li>• The Chairman is an outside director.</li> <li>• The majority of the Audit Committee is comprised of outside directors.</li> </ul>
<p>The committee held 9 meetings in fiscal 2017, and discussions covered the executive compensation system for Mizuho Financial Group and the Three Core Companies. The Committee also decided on the compensation of individual Mizuho Financial Group directors and executive officers as defined in the Companies Act and approved the compensation of the individual directors of the Three Core Companies.</p>	<p>In fiscal 2017, the Audit Committee held 17 meetings and received reports regarding the state of performance of duties by the directors and executive officers as defined in the Companies Act, including as pertains to the management of group companies. The committee also confirmed the effectiveness of different auditing practices particularly that of the internal control system, and provided advice on a range of topics as needed.</p>
<p>9 meetings (97%)</p>	<p>17 meetings (100%)</p>

■ Risk Committee

The Risk Committee advises the Board of Directors regarding decision-making and supervision relating to risk governance and supervision of matters such as the status of risk management. In principle, the committee consists of three or more persons who may be non-executive directors or external experts, and their mandate is to evaluate the consistency of the group management policies, basic risk strategies, and the implementation of this strategy. They are also responsible for evaluating the risk profile of the group and the appropriateness of risk management and reporting on these matters to the Board of Directors.

■ Human Resources Review Meeting

The Human Resources Review Meeting is responsible for deliberating on the proposals and requests to be decided by the Board of Directors for the appointment or dismissal of Mizuho Financial Group executive officers as defined in the Companies Act, and the appointment, removal, and assignment of Mizuho Financial Group executive officers as defined in the Companies Act with special titles and executive officers as defined in our internal regulations with special titles. The Human Resources Review Meeting is also responsible for deliberating on the proposals and requests to be approved by the Board of Directors for the appointment, removal, and assignment of executive officers as defined in our internal regulations with special titles at the Three Core Companies. To secure transparency and fairness in the appointment of executive officers, the committee is comprised of members of the Nominating Committee, members of the Compensation Committee, and the Group CEO.

■ Outside Director Sessions

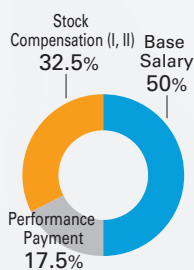
Outside Director Sessions are held, in which only the outside directors are present, for the purposes of exchanging information and reaching a common understanding from an objective and frank outsider's perspective. These meetings are held two times or more each year, and topics include management issues, the operation of the Board of Directors, and how the corporate governance system should be maintained. Reports on the meetings are presented as necessary to the Group CEO.

▶ Compensation Policy

The Mizuho Financial Group Compensation Policy stipulates items concerning the determination of compensation for each individual director, executive officer, and specialist officer of Mizuho Financial Group as well as the Three Core Companies.

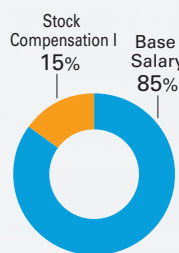
Compensation Policy <https://www.mizuho-fg.com/company/structure/governance/pdf/compensation.pdf>

Officers responsible for business execution



- The basic compensation system shall consist of a Base Salary, Performance Payment, and Stock Compensation I and II.
- The Performance Payment and Stock Compensation II shall be within the range of 0% to 150% of the standard amount for each position, and the system enables a certain amount of deferred payments to be paid over three years, as well as a decrease or forfeiture of the deferred amount depending on performance of the company or the individual and other factors.

Non-executive officers responsible for management supervision



- Fixed compensation, in principle, shall consist of Base Salary and Stock Compensation I.
- Stock Compensation I shall be paid at the time of retirement, and depending on the performance of the company or the individual and other factors, a portion of the deferred compensation may be reduced or forfeited.

## Risk governance

Risk governance is a part of Mizuho’s corporate governance framework, centered on our risk appetite framework (RAF). The Board of Directors determines fundamental matters regarding the RAF, along with its management systems and specific risk appetites, and incorporates these in document form as the risk appetite statement (RAS). At Mizuho, we also work to foster and promote a sound risk culture to support this risk governance framework. The effective administration of the RAF leads to the creation of a sound risk culture, and at the same time, cultivating a sound risk culture creates a foundation for the disciplined risk-taking and risk communication which are promoted as part of the administration of the RAF. To ensure strong risk governance, we maintain a risk management and compliance structure that operates in accordance with the principles of the “three lines of defense.”

### Risk culture

We foster a sound risk culture in which all executive officers and employees maintain a high level of awareness regarding risk, and endeavor to make proper judgements and take appropriate actions rooted in good sense and ethical standards. Such judgement and actions allow us to achieve our risk appetite and enhance our corporate value.

We have also established Behavioral Guidelines for a Sound Risk Culture, and work to ensure that executive officers and employees understand these principles through messages from senior management, training sessions and other measures. For Mizuho to put the “customer first principle” into practice and enhance our corporate value, it is essential that all members maintain an attitude

of not simply avoiding risk, but rather taking appropriate risk. These guidelines provide a foundation for the appropriate values and courses of action for Mizuho’s executive officers and employees to take when approaching risks. The guidelines are aligned with the five Mizuho Values that form a part of Mizuho’s Corporate Philosophy, and executive officers and employees can refer to them when they are unsure of a judgement that needs to be made in their daily work. Putting these guidelines into practice improves our ability to address and counter risks, and fosters a sound risk culture.

These initiatives are also important from the standpoint of internal control, ultimately helping to prevent inappropriate behavior by executive officers and employees.

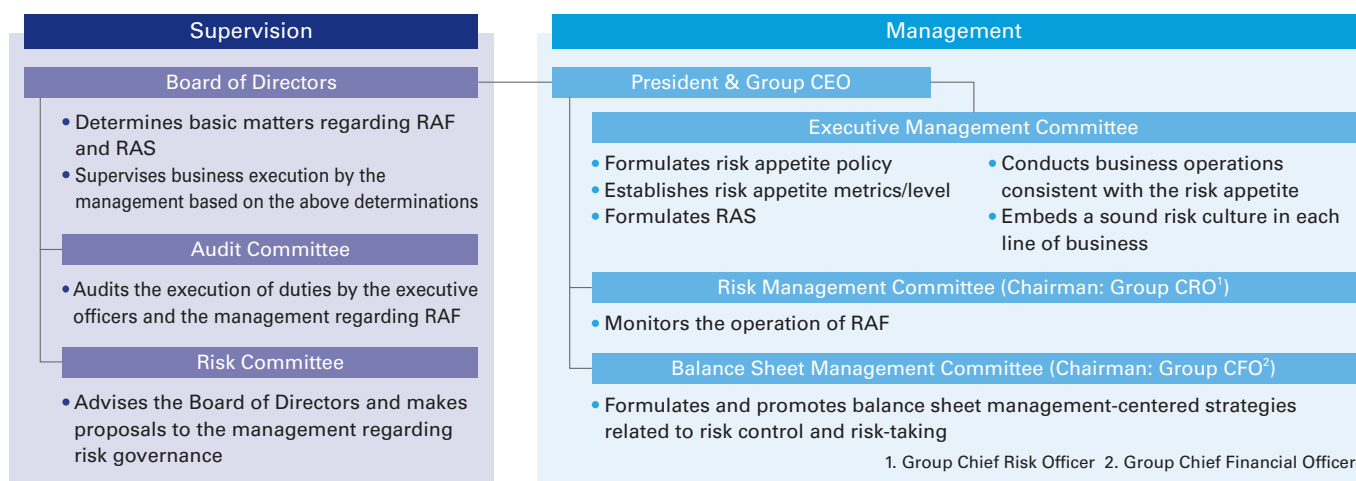
### Risk appetite framework (RAF)

The purpose of our RAF is to maximize our corporate value by securing sustainable and stable profits, and to fulfill our social responsibilities. Based on such purpose, our core risk appetite is to take appropriate risk and provide solutions based on our customers’ actual needs, establishing our competitive advantage against our peers.

We have positioned the RAF as the corporate management framework to support taking the types and levels of risk that

we will accept in order to implement our business and financial strategies. We will further concretely define our risk appetite in our medium-term and fiscal year business plans. The risk appetite forms the basis for establishing our business strategy, resource allocation, and earnings plans as well as monitoring the operating status, thus integrating risk management, business strategy, and profits in order to achieve disciplined risk-taking that achieves an optimal balance of risk and return.

#### Mizuho’s RAF Control Structure





**Systems for operating the risk appetite framework**

Our risk appetite consists of a risk appetite policy that serves as the fundamental policy regarding our risk-taking activities, and risk appetite metrics that serve as a means of quantifying the level of risk-taking based on the risk appetite policy.

In implementing the RAF, the Board of Directors decides on basic matters, including the risk appetite policy, metrics, and levels of risk, and operations are supervised based on the Board’s decisions. In addition, the Risk Committee, which advises the Board of Directors, provides advice regarding risk governance and offers suggestions to management.

**Formulation and monitoring of risk appetite**

Risk appetite is determined through management discussions on the outlook for external factors such as the macroeconomic, regulatory, and competitive environment, along with potential risk events such as economic slowdown and turbulence in financial markets. These are then incorporated into main and risk scenarios that are shared internally.

We then formulate a group-wide risk appetite policy based on our awareness of these external environments, create specific strategies and measures according to this policy, and determine corporate resource allocation and earnings plans. Our risk appetite metrics are expressed in terms of capital strength, profitability, and liquidity, utilizing measures such as CET1 Capital Ratio, ROE, and LCR. Further, the risk appetite for the entire group is shared with the in-house companies that implement strategies, to ensure the

On the other hand, to implement the RAF in the course of business operations, the Group CRO, Group CFO, and Group CSO provide assistance overseen by the Group CEO, and implement business strategy, financial strategy, and risk management from an overall perspective. Also, heads of in-house companies, units, and groups are responsible for planning and implementing strategies based on risk appetite, and as the individuals in charge of risk-taking, conduct operations. Note that the Internal Audit Group provides objective and comprehensive assessments of the effectiveness of the RAF from an independent perspective and offers advice and recommendations for addressing any issues that arise.

effectiveness of the RAF. The in-house companies in turn formulate individual risk appetite policies to implement the group’s overall policy, and set risk appetite metrics and levels to meet group metrics and levels.

Monitoring of the operational status for the established risk appetite is conducted by the Risk Management Committee (Chairman: Group CRO) on a quarterly basis and as necessary. As part of this process, the Group CRO and each in-house company work to identify issues related to risk and share information on these issues. This monitoring enables timely and appropriate actions, including flexible revisions to our risk appetite and strategies, to be discussed and carried out in the event of changes in the external environment that increase risk or impede our risk appetite and strategies.

**Three lines of defense**

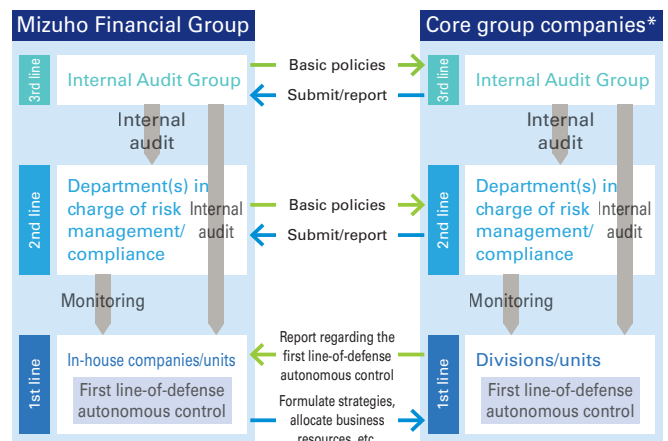
In accordance with the “three lines of defense” approach in the *Corporate Governance Principles for Banks* released by the Basel Committee on Banking Supervision, we ensure appropriate and effective risk governance through a check-and-balance system with autonomous controls (first line) and monitoring (second

line), along with an independent third line of internal auditing of the first two functions. In addition, Mizuho Financial Group sets group strategies and allocates resources, monitoring the autonomous controls in the first line at core group companies in order to strengthen the system providing appropriate responses.

**Our definition of the three lines of defense**

First line	<p><b>Autonomous control function</b></p> <p>The first line-of-defense involves daily operations based on the rules, procedures, and risk appetite, and has a primary responsibility for risks and compliance matters accompanying the conduct of business as a risk owner, and for performing autonomous control activities (to identify, assess, and manage/control risks and compliance matters).</p>
Second line	<p><b>Risk management and compliance function</b></p> <p>The second line-of-defense oversees (monitors), measures, and assesses the first line’s autonomous control activities for risk management and compliance, and is responsible for establishing and implementing basic policies for risk management and compliance.</p>
Third line	<p><b>Internal audit function</b></p> <p>The third line-of-defense is independent of the first and second lines and involves assessment and examination of the operations of the first and second lines, and is responsible for providing advice and guidance to settle issues.</p>

**Our risk management and compliance framework**



\* Of the core group companies, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, and Trust & Custody Services Bank conduct risk management and compliance based on the “three lines of defense” concept.

## Comprehensive risk management

### ■ Basic approach

For the group as a whole, in order to ensure sound and stable corporate management and enhance our corporate value, appropriately managing risk and controlling risk are key issues relating to overall management, and therefore we are working to put in place risk management systems.

■ For more information on our risk management, please visit our website.

□ <https://www.mizuho-fg.com/investors/financial/edtf/>

### ■ Comprehensive risk management systems

Amid the growing diversity and complexity of banking operations, financial institutions are exposed to various risks, including credit, market, information technology, legal, and settlement risks. We recognize that conducting operations tailored to the risks and managing such risks is a key issue relating to overall management. In order to implement our business strategies while maintaining our financial stability, we maintain comprehensive risk management and control measures.

Mizuho Financial Group maintains basic policies for risk management established by the Board of Directors that are applicable to the entire group. These policies clearly define the kinds of risks to be managed, set forth the organizational structure, and provide for the employee training necessary for appropriate levels of risk management. The policies also provide for audits to measure the effectiveness and suitability of the management structure. In line with these basic policies, we maintain various measures to strengthen and enhance the sophistication of our risk management system.

Each of our subsidiaries adopts appropriate risk management measures in line with their business domains and the scale and conditions of the associated risks, while Mizuho Financial Group controls risk management for the group as a whole.

The Risk Management Committee chaired by the Group CRO provides integrated monitoring and management of the overall risk for the group.

Mizuho Financial Group (the holding company) has established basic policies for risk management that are applicable to the group as a whole. In line with these basic policies, as a group we analyze risk comprehensively from multiple perspectives and adopt a variety of measures to strengthen and enhance the sophistication of our risk management system.

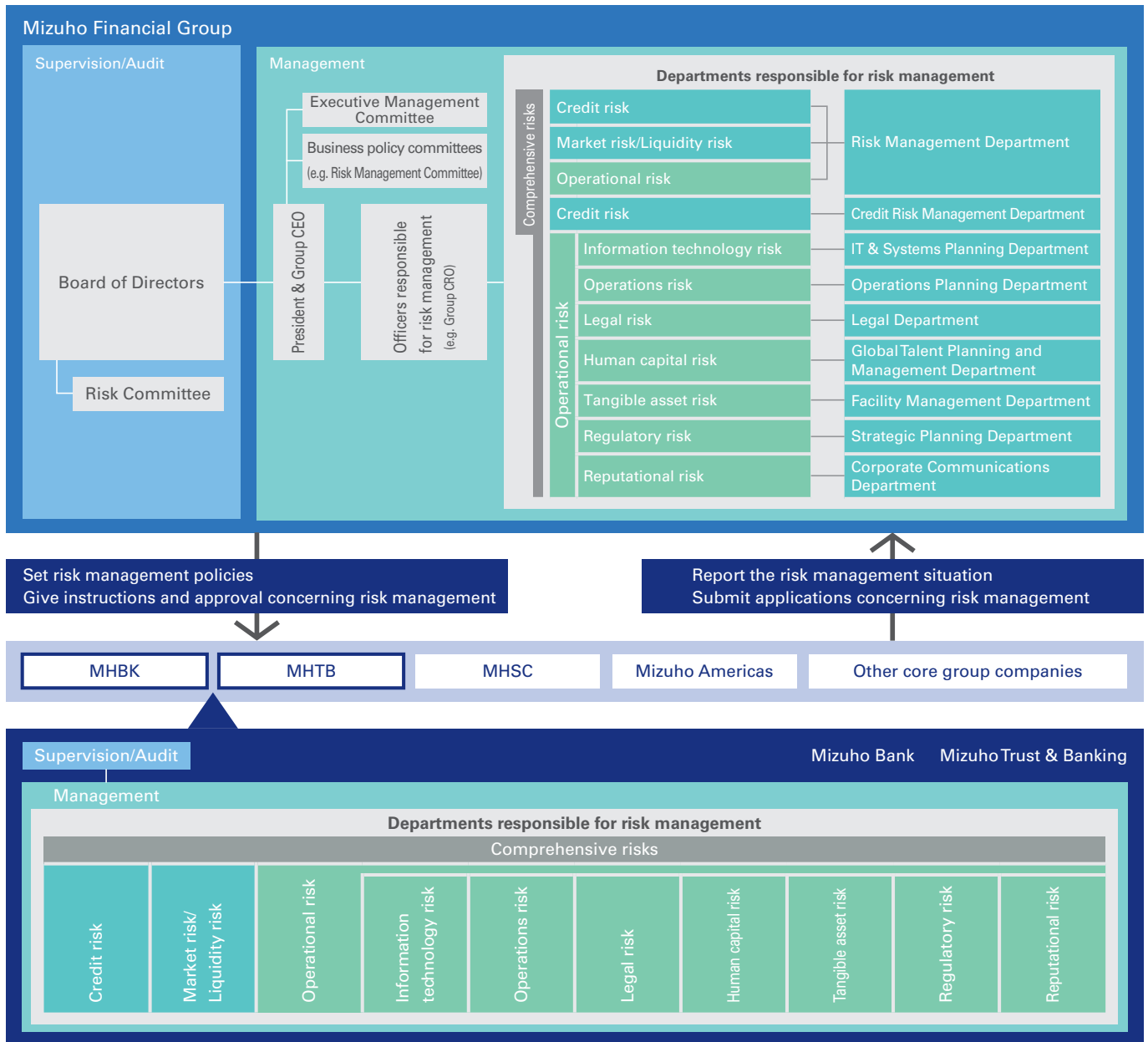
The Group CRO reports the risk management situation to the Board of Directors, the Risk Committee, and the Executive Management Committee regularly and as necessary. In addition, Mizuho Financial Group receives reports and applications for approval concerning the risk management situation from our core group companies and gives them appropriate instructions concerning risk management as necessary.

Each core group company maintains its systems for managing various types of risk, receiving reports on the status of risk at their respective subsidiaries, and gives them appropriate instructions concerning risk management as necessary.

We classify and manage the risks that arise in our businesses according to the various kinds of risk, including credit risk, market risk, liquidity risk, and operational risk. Moreover, in each of our group companies we adopt the same approach of managing risks, such as settlement risk, trust banking operations risk, and other risks appropriately given their nature.

In addition to managing each type of risk individually, we have established a risk management structure to identify and evaluate overall risk and to keep risk within limits that are acceptable.

In line with the basic policies relating to overall risk management established by Mizuho Financial Group, we are working to take even more proactive and sophisticated approaches to risk management.



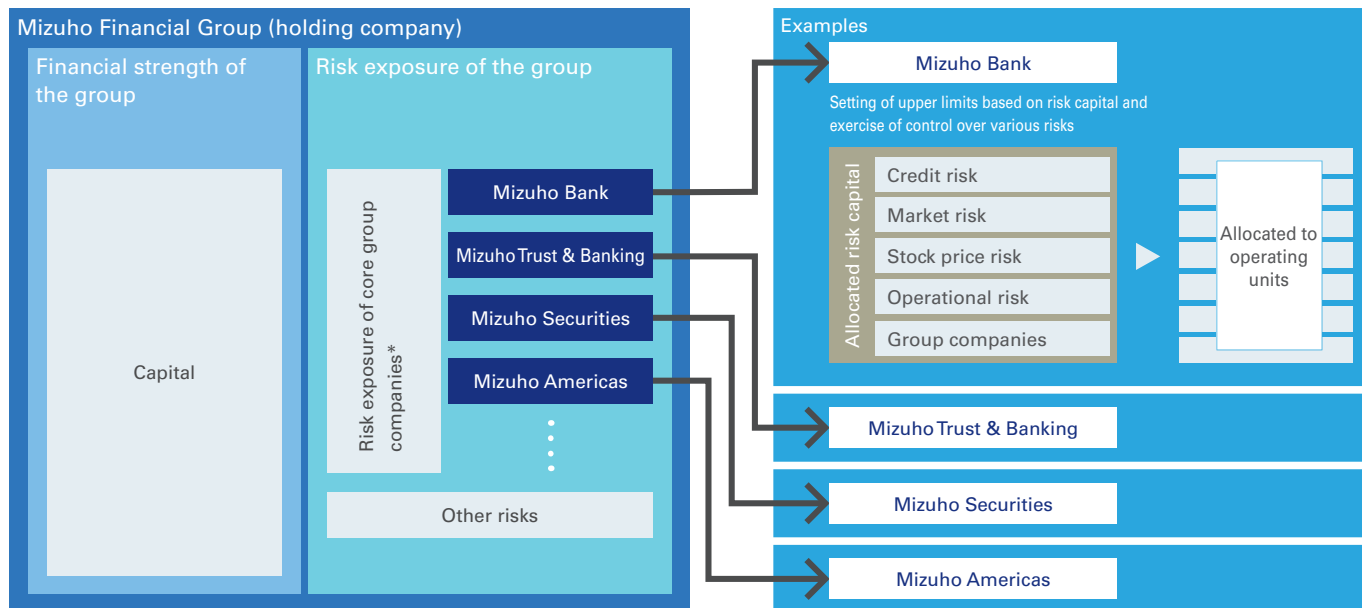
**Risk capital Allocation**

We endeavor to obtain a clear grasp of the group’s overall risk exposure and implement measures to make sure this exposure is within limits that are acceptable and are in accordance with the risk capital allocation framework.

More specifically, we allocate risk capital to our core group companies (including their subsidiaries) to control risk within the limits set for each company. We also control risk within acceptable limits by working to ensure that the overall risk on a consolidated

basis does not exceed our financial strength. To ensure the ongoing financial soundness of Mizuho Financial Group and our core group companies we regularly monitor the manner in which risk capital is being used in order to obtain an accurate grasp of the risk profile within this framework. Reports are also submitted to the Board of Directors and other committees of each company. Risk capital is allocated to Mizuho Bank, MizuhoTrust & Banking, Mizuho Securities, and Mizuho Americas by risk category, and is further allocated within their respective business units.

**Framework for allocating risk capital**



\*Includes the risk exposure of group companies that are managed by core group companies

Risk Category	Definition
Credit risk	The group's exposure to the risk of losses that may be incurred due to a decline in, or total loss of, the value of assets (including off-balance-sheet instruments), as a result of deterioration in obligors' financial position.
Market risk	The risk of losses incurred due to fluctuations in interest rates, stock prices, and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual.
Liquidity risk	The risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual.
Operational risk	The risk of losses that may be incurred resulting from inadequate or failed internal processes, or systems, human error, or external events. Operational risk consists of several components such as information technology risk and operations risk. Refer to page 15 of Risk Management Structure in the Appendix for specific components of operational risk.

**Top risks**

For risks that are recognized to have a major potential impact on the group, we specify these as "top risks" and have introduced top risk management methods.

Based on assessments of the likelihood, impact, and other characteristics of monitored risks, and after careful deliberation by management, top risks are designated and managed accordingly. Through this approach, we endeavor to deepen communication regarding risks, seek to create common perspectives regarding risks, and work to secure consistency in awareness of various types of risks.

For the top risks that are identified, the status of controls is confirmed, and, when deemed necessary, consideration is given to additional risk controls. In addition, by reflecting these considerations in stress test scenarios, we can verify using quantitative analysis the appropriateness of business operation plans and confirm the adequacy of capital.

Furthermore, when deciding on top risks, we consider the timing and probability of the emergence of such risks in a time frame of about one year, and review these considerations every six months.

Top risks	Examples
Rebound in credit related costs	<ul style="list-style-type: none"> <li>• Sudden deterioration in the credit standing of obligors where we are heavily exposed and in credit standing of major clients</li> <li>• Deterioration in regional economies/turmoil in financial markets due to geopolitical factors</li> <li>• Slowdown in the Chinese economy and detrimental impact on emerging countries in neighboring areas</li> </ul>
Sudden drop in the value of assets	<ul style="list-style-type: none"> <li>• Rise in European/US interest rates, adjustments in stock and real estate prices in reaction to overheated market conditions, and resulting negative wealth effects</li> <li>• Decline in stock prices, fluctuations in currency values, drying up of liquidity due to turmoil in financial markets</li> </ul>
Destabilization of foreign currency procurement	<ul style="list-style-type: none"> <li>• Unexpected outflows of funds, deterioration in liquidity conditions due to turmoil in financial markets, and accompanying rise in funding costs</li> </ul>
Major system failure	<ul style="list-style-type: none"> <li>• Emergence of costs due to IT system failures, government fines, etc., and damage to reputation</li> </ul>
Cyber attacks	<ul style="list-style-type: none"> <li>• Emergence of additional costs and damage to reputation due to suspension of services as a result of cyberattacks, data falsification, information leakage, improper funds transfer, etc.</li> </ul>
Money laundering/provision of funds for terrorism	<ul style="list-style-type: none"> <li>• Government fines/penalties and damage to reputation because of flaws in policies to prevent money laundering and supplying funds for terrorism</li> </ul>
Improper market transactions	<ul style="list-style-type: none"> <li>• Government fines/penalties and damage to reputation because of market manipulation or other compliance violations</li> </ul>

Note: The risks described here are only some of the possible risks we are aware of. For more comprehensive information on the group's risks, please refer to our Securities Report, Form 20-F, and other related documents.

## Stress testing

We assess the suitability of our risk appetite and the validity of our business plans through stress testing of Mizuho Financial Group's entire portfolio by calculating and assessing the financial effect on our capital adequacy ratio and on business of the main and risk scenarios we have determined.

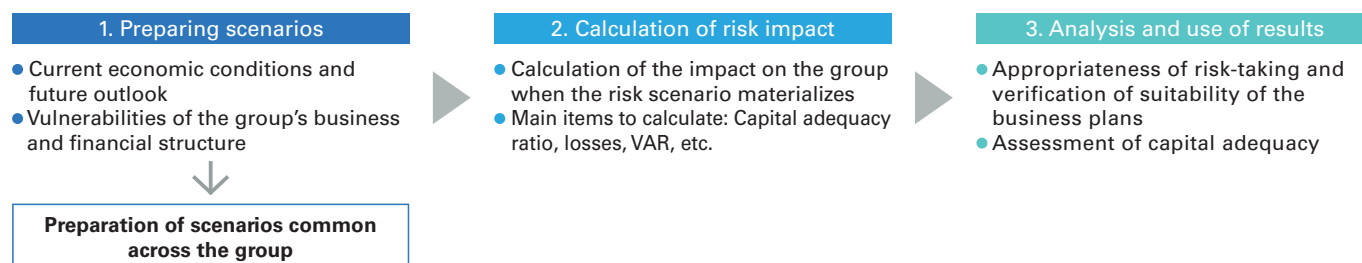
Using stress testing, we can confirm whether our capital adequacy ratio, performance, and other indicators are sufficient in the event that scenarios actually materialize. If the capital adequacy ratio and results fall below the necessary level, we reconsider and revise our risk appetite and business results if necessary. In addition, we calculate the impact to risk capital, including interest rate risk in the banking book and we use post-stress risk capital to assess the adequacy of the capital level when a risk scenario emerges.

Note that scenarios are formulated taking into consideration Mizuho's vulnerabilities and other factors, including the current status of the economy and economic outlook.

Furthermore, to structure robust risk management systems, stress testing is also used to manage risk in various risk categories, such as market risk.

Our stress testing also serves as a foundation for understanding the characteristics of our business portfolio and enables planning in advance regarding the course of action which should be taken if the risk scenario occurs, and is conducted regularly to enhance our risk management capabilities.

### Mizuho's stress testing



# Compliance

## Compliance

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

### Compliance structure

#### Internal control and audit hotline

Mizuho Financial Group has established a hotline run by an external law office to receive reports from in and outside the company in connection with problems concerning internal control and audits of accounts and financial reports.

See our website for contact information to make a report:  
<https://www.mizuho-fg.com/company/internal/compliance/>

The President & CEOs of Mizuho Financial Group, Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities each generally oversees compliance matters for their respective company, and important matters concerning compliance are discussed at the Compliance Committees chaired by the relevant President & CEO.

The four core group companies also have individual compliance departments overseen by a Chief Compliance Officer. These departments are responsible for compliance planning and implementation and control overall compliance management at each company. At each organizational unit (such as branches and departments) within the four core group companies, the head of the organizational unit is responsible for guidance and implementation related to compliance matters, and the compliance officer or compliance administrator at each organizational unit reviews the status of compliance.

Mizuho Financial Group monitors the status of compliance of the group through reports submitted by our core group companies and adopts appropriate responses when necessary. Compliance at subsidiaries of our core group companies is monitored and managed by their respective parent company.

### Compliance practices

The Mizuho Code of Conduct sets forth clear and concrete standards of ethical behavior, and is distributed to all executive officers and employees of the group. Furthermore, each of our group companies has also prepared a compliance manual, which serves as a practical guidebook for rigorous compliance enforcement and clarifies the laws and regulations that we must observe in regards to our business operations and the compliance practices we are required to follow. Each group company also conducts compliance training for executive officers and employees so that they are fully acquainted with the content of the compliance manual.

#### Compliance structure



We monitor the status of compliance levels through self-assessments by each department and monitoring conducted by the compliance department of each company. In addition, every fiscal year, each of our group companies establishes a compliance program which contains concrete measures for compliance enforcement such as compliance framework management, training, and assessments. Progress on the compliance program is monitored every six months.

## Preventing money laundering and financing of terrorism

In response to an increase in international demand in recent years for the implementation of measures to prevent money laundering and terrorism financing, we have made anti-money laundering and countering terrorism financing a top management priority, and we are implementing measures based on common policies throughout the group. We implement various measures on a

global basis, such as performing customer due diligence (Know Your Customer (KYC) practices) when establishing business relationships, preventing transactions with organizations or individuals that are subject to an asset freeze due to suspected links to terrorism, and using monitoring systems and other means to detect and report suspicious transactions.

## Our stance towards organized crime

In order to prevent organized crime from influencing the management of our clients and to avoid any association with the harm caused by organized crime, the Mizuho Code of Conduct includes a policy covering our zero-tolerance stance on business relationships with individuals or organizations that are in any way associated with organized crime and therefore threaten the rule of law, public order, and safety.

We have also formed an Anti-Organized Crime Committee which includes external experts in industry-specific, in-depth discussions on this subject, in addition to other initiatives we are implementing on a group-wide basis to ensure that we have no direct or indirect associations with organized crime. Moreover, drawing on the discussions in this committee, we are implementing a range of policies on a global basis to utilize IT systems and other advanced methods to detect and report

on suspicious transactions and to prevent transactions with parties who are subject to Mizuho's asset freeze criteria.

These matters are also discussed and reported on at meetings of the compliance committees of Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities, which are chaired by the President & CEOs or other senior management members of these group companies.

Furthermore, core group companies maintain centralized departments or appoint an officer to manage anti-organized crime efforts and to maintain effective frameworks, for example, by establishing a manual on how to manage such issues and conducting training sessions. If required, we consult with third-party experts and authorities on the handling of specific cases.

## Measures for ensuring compliance

At Mizuho, compliance-related education and training are key measures for ensuring appropriate compliance.

During fiscal 2017, Mizuho provided effective training tailored to employees working in a broad range of roles within the organization. We conducted 13 training sessions in total, including mandatory compliance training sessions for all employees; role-specific training for executive officers, general managers, deputy general managers, compliance officers, and other senior management members; and e-learning training sessions on specific compliance topics.

In addition, for executive officers, members of the Compliance Group, and other positions that require particularly high levels of compliance-related knowledge, we provide more extensive training sessions, including sessions taught by outside experts on topics related to the role of compliance in light of changes in the economic and social environment.

### Main training topics

- Fiduciary duties
- Management of customer information (e.g. firewall regulations)
- Preventing relationships with organized crime
- Compliance-related points for financial groups (preventing misuse of superior bargaining position, managing conflicts of interest, etc.)

In addition to training sessions and other programs designed to promote compliance, we are also dedicated to detecting potential compliance issues at the earliest stage possible and taking appropriate action. When we become aware of potential compliance issues, such matters must be reported immediately to department and branch managers in accordance with our compliance manual. Furthermore, each group company has established a hotline which employees can call in order to speak with someone within the Compliance Division or an external law office or compliance professional.

For matters related to inappropriate accounting, internal control on financial reporting, and auditing, an internal control and auditing hotline, which connects to an external law office, is available to receive reports from both in and outside the company.

### Internal reporting systems (Compliance hotline)

We have a robust internal reporting system in place, and are working to further increase its effectiveness by establishing group-wide reporting channels outside the workplace that are available in the evenings, on Saturdays and Sundays, and also by making such services available in foreign languages. In order to ensure that employees at each group company are fully acquainted with these systems, hotline numbers and other relevant information is included on posters within each workplace and distributed to all employees on wallet-sized cards. In fiscal 2017, Mizuho Financial Group and our core group companies received a total of 144 reports through our hotlines from both inside and outside the group, with the response status reported to our Audit Committee.



### Internal control and audit hotline

Our audit hotline, which connects to an external law office, is available to receive reports from both in and outside the company in connection with concerns regarding accounting and financial reports.

## Customer protection management

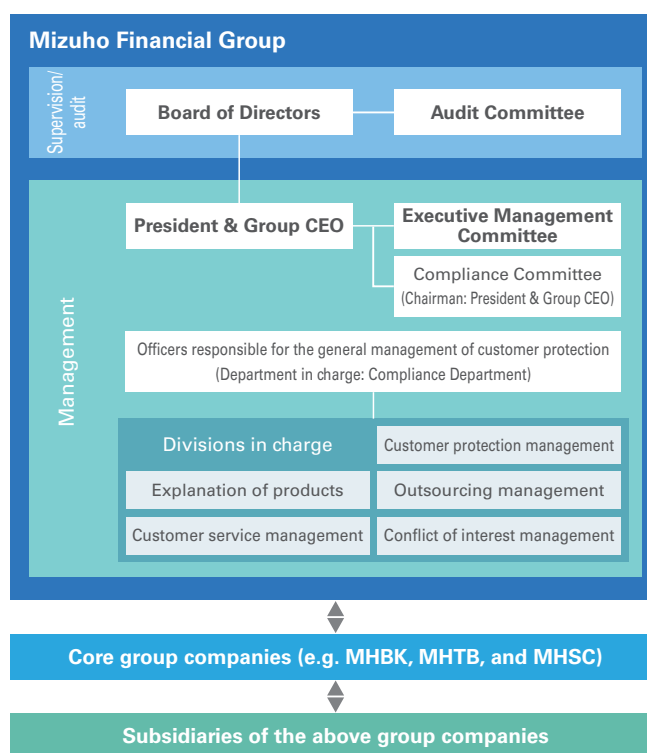
We give first priority to our customers, and we believe that earning their trust is the basis for ensuring sound management and therefore earning the trust of other stakeholders as well. With this in mind, a core part of our compliance is to continuously seek to monitor and improve the operations of the group from the perspective of what is in the best interests of our customers in order to ensure that our operations are appropriate and to improve customer convenience. We manage customer protection uniformly throughout the group in order to achieve this objective.

### Customer protection management structure

At Mizuho, customer protection management refers to of the efforts we make to improve the protection of our customers and improve customer convenience from the following perspectives:

1. Ensuring the appropriateness and sufficiency of explanations provided to customers prior to conducting transactions, purchasing products, etc. as well as the provision of information (e.g. product explanations) to customers.
2. Ensuring the appropriateness and sufficiency of the handling of customer inquiries, complaints, and other communications (customer service).
3. Ensuring the appropriateness of the management of customer information (customer information management).
4. Ensuring the appropriateness of customer interaction and the handling of customer information in cases where group operations are outsourced (outsourcing management).
5. Ensuring the appropriateness of the management of measures to be taken in order to address conflicts of interest arising from transactions with customers (conflict of interest management).

Our President & Group CEO generally oversees the management of customer protection, and also heads the Compliance Committee in which related important matters are discussed. At our core group companies, the division responsible for each area of management described above also provides centralized monitoring and implementation of customer protection management. Core group companies oversee customer protection management at their own subsidiaries.



### Information management

As advances have been made in information technology, the potential uses for data have expanded, but at the same time, cyberattacks have risen in number. This has led to closer public scrutiny of the methods companies use to protect personal information. As a financial services provider operating globally, Mizuho is aware of the vital importance of managing information in a way that ensures appropriate protection and use of information assets. We are constantly working to strengthen our information management practices. For example, we aim to ensure that our management systems for information assets, security management measures, and information administration methods are clear and straightforward. Also, we implement training and awareness-building exercises to ensure that each and every employee has a firm understanding regarding the proper protection of information assets.

### Customer service management

At Mizuho, we engage in business with a wide range of customers, and we put a strong emphasis on responding appropriately to feedback, complaints, or other communication from customers in addition to our efforts to offer customers stronger protections and higher convenience.

In the case of receiving a complaint or other critical feedback, we not only emphasize the importance of responding quickly and politely, but also require reports to be drawn up in order to monitor these situations.

Furthermore, we regard all customer feedback as an important asset and work continuously to improve our operations and prevent the recurrence of issues with the aim of increasing customer satisfaction.

For more information on Mizuho's customer protection measures, please see our website:

<https://www.mizuho-fg.com/company/internal/customer/>



## Fiduciary duties\*

\* Fiduciary duties is a general term for the broad range of various roles and responsibilities that fiduciaries are expected to fulfill when engaging in certain business activities in order to live up to the trust that is placed in them by their customers.

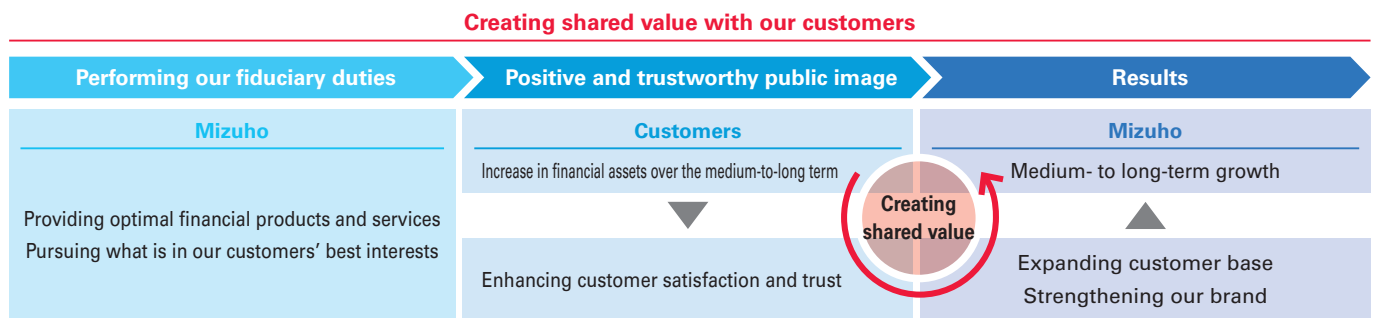
Mizuho’s Corporate Identity includes our central values—the Mizuho Values—starting with putting our customers first, and these values are shared by everyone at Mizuho. As a team of financial professionals providing a broad range of financial services, we are committed to providing the best, most appropriate solutions in response to our customers’ diverse needs.

As a long-term partner providing optimal products and services that are in our customers’ best interests, and in seeking to continue to be our customers’ most trusted financial services group in respect to our asset management-related business, Mizuho has established and disclosed our group-wide Policies Regarding Mizuho’s Fiduciary Duties\*. In addition, at the holding company and relevant group companies, we have established and made public specific action plans for ensuring we are always aligned with customers’ best interests.

### Our commitment to performing our fiduciary duties leads to the creation of shared value with our customers

Through the performance of our fiduciary duties, we endeavor to grow customers’ financial assets over the medium-to-long term and to ensure a high degree of customer satisfaction and trust.

This level of customer satisfaction and trust enables us to expand our business base and strengthen our brand, paving the way for our medium- to long-term growth. In this way, we are aiming to create shared value with our customers.



### Key Performance Indicators (KPIs)

In addition, with the objective of creating shared value with our customers, we have established KPIs to confirm our level of

performance of our fiduciary duties, and we announce them periodically along with the status of initiatives under our Action Plan.

Policies		1. Performing our fiduciary duties	2. Positive and trustworthy public image	3. Results
Group management policies		<ul style="list-style-type: none"> <li>Number of participants in financial education courses</li> </ul>		
Policies by function	<b>Sales</b> Mizuho Bank Mizuho Trust & Banking Mizuho Securities	<ul style="list-style-type: none"> <li>Number of certified personnel</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Balance of assets under management —Increase in assets under management due to new investors</li> <li>Number of customers using our investment products —Number of customers using our long-term investment focused products</li> </ul>
	Asset management and product development Mizuho Trust & Banking Mizuho Securities Asset Management One	<ul style="list-style-type: none"> <li>Number of products developed or improved</li> <li>Number of companies involved in our engagement activities</li> <li>Total number of seminar attendees</li> </ul>	<ul style="list-style-type: none"> <li>Number of fund awards</li> <li>Survey of satisfaction among investment trust companies</li> </ul>	<ul style="list-style-type: none"> <li>Balance of pension trust assets</li> <li>Balance of funds in publicly offered and privately placed investment trusts</li> <li>Balance of funds invested in DC specialized funds and long-term investment focused funds</li> </ul>
	<b>Asset administration</b> Mizuho Trust & Banking Trust & Custody Services Bank	<ul style="list-style-type: none"> <li>Number of improvements made to back office operations</li> <li>Number of training sessions</li> </ul>		<ul style="list-style-type: none"> <li>Balance of funds in new publicly offered investment trusts</li> <li>Balance of assets under management</li> </ul>

# IT strategy

■ Declaration of Cybersecurity Management

□ <https://www.mizuho-fg.com/company/strategy/it/cybersecurity/index.html>

■ Selected as Competitive IT Strategy Company 2018 (for the third consecutive year)



IT systems are crucial to financial institutions' management and business strategies, and high-quality IT strategies are key means of differentiation and establishing competitive advantage.

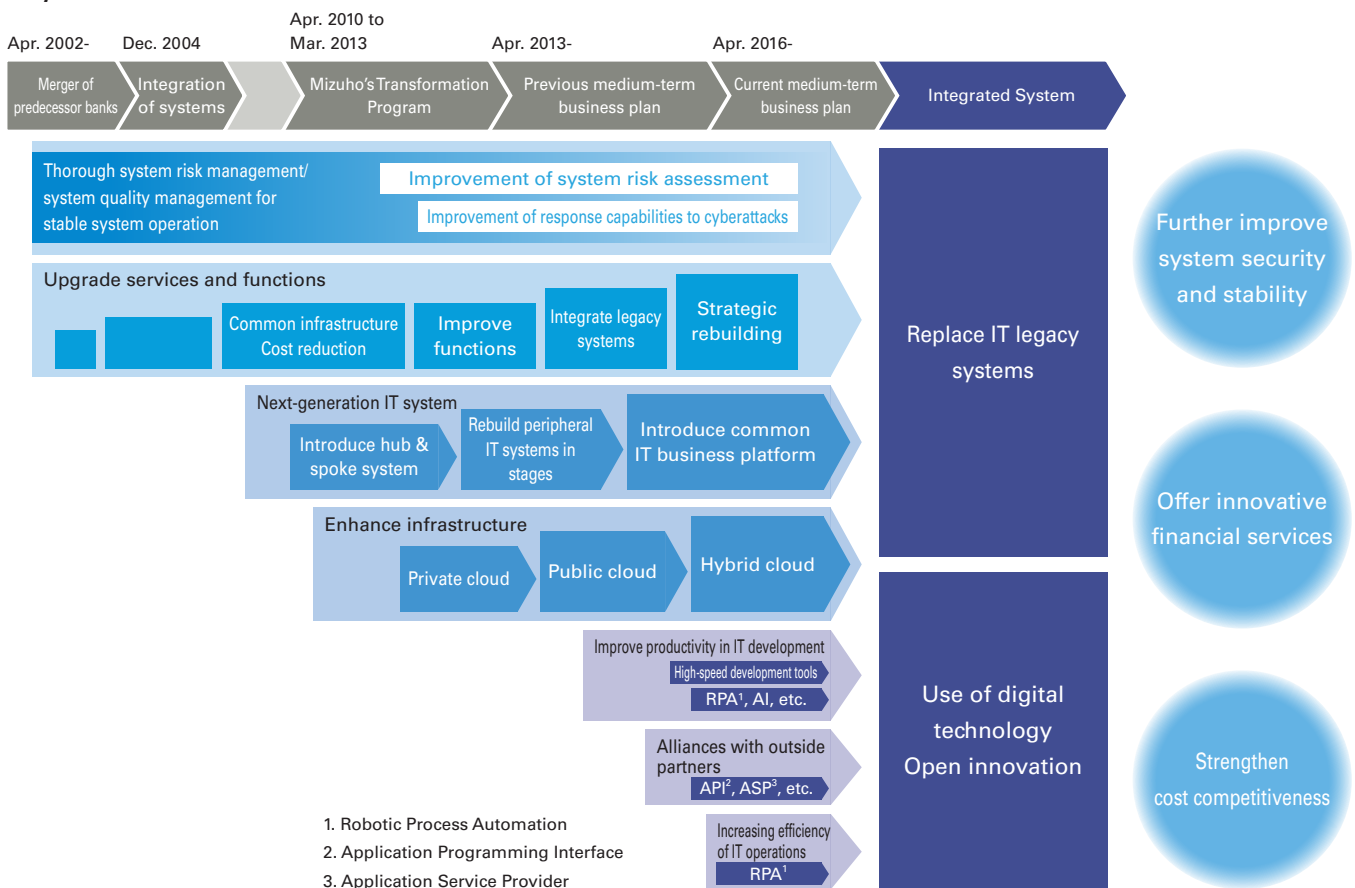
We aim to have strong IT systems in place that are efficient and stable and which support our One Mizuho strategy. We will continue to develop IT systems that draw on the group's full capabilities as a means of establishing competitive advantage and meeting customer needs, as well as responding to advances in digital technology, tighter financial regulations, and other trends, while also providing global IT services in an integrated manner among our banking, trust banking and securities entities. To do this, we are promoting IT system transformation and group-wide data management and cyber security, as we also continue to strengthen IT governance.

## IT system transformation

In view of the overwhelming advances in technology and recent changes in the internal and external environments, we are seeking to transform our IT systems and IT operations as one aspect of our fundamental structural reforms. Specifically, we are proceeding with structural improvements by integrating and

centralizing systems and using the cloud. We are also replacing legacy IT systems with next-generation IT systems. Moreover, we are using digital technologies such as AI and RPA to improve productivity in the system development process and enhance the efficiency of operations and administration.

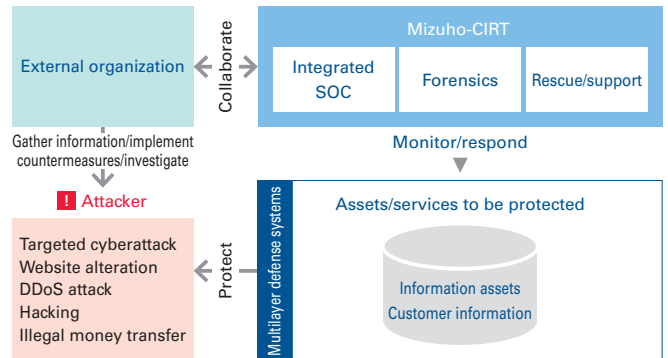
### IT system transformation timeline



## Cyber security

To ensure that our customers feel secure when using our financial services and to fulfill our duty to contribute to the stable operation and sustainable development of the financial infrastructure, we have positioned cyberattacks as one of our top management risks and have prepared cyber security strategies under the supervision of senior management. With Mizuho-CIRT<sup>1</sup> taking the lead, we have assigned high-level professionals and are drawing on intelligence and cutting-edge technology developed in collaboration with external specialist organizations, while we are also taking initiatives to strengthen our resilience capabilities. These include monitoring via integrated SOC<sup>2</sup>, analyzing computer viruses, developing multilayer defense systems, and other measures. Also, we are placing emphasis on employee training with a view to the medium- to long-term needs of the organization.

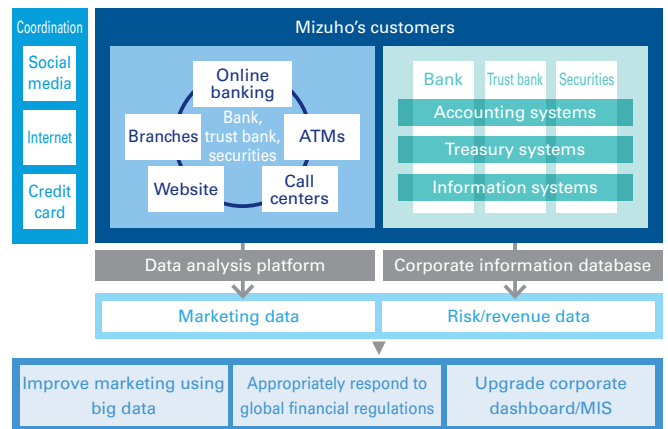
1. Cyber Incident Response Team
2. Security Operation Center



## Data management

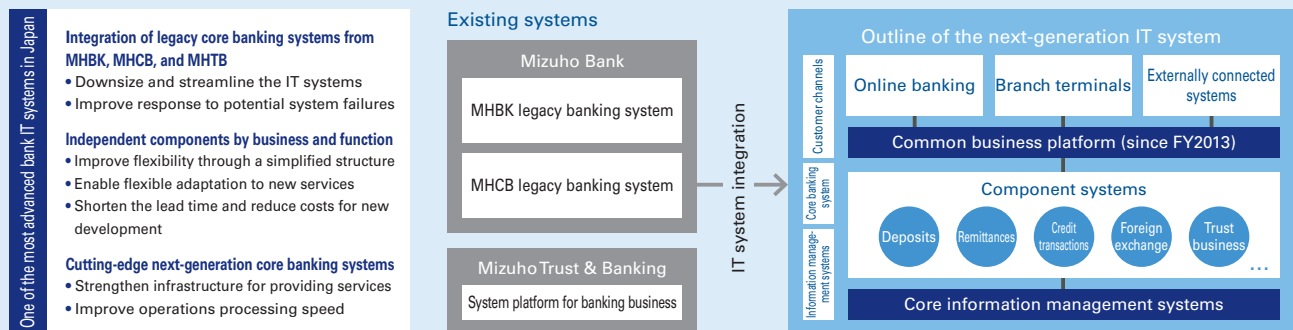
As data management for data collection and analysis to be used in management and business becomes more important to respond to global financial regulations and sophistication of MIS<sup>3</sup>, we have prepared a database to centralize management of collected and analyzed data relating to risks and profits, etc. In addition, with the aim of using big data for more sophisticated marketing, we are promoting the development of a data analysis platform that can process large volumes of data at high speeds.

3. Management Information System



## Migration to the next-generation IT system

The next-generation IT system will replace Mizuho's current three core banking systems, allowing us to downsize and streamline our IT systems. Also, developing independent components by business and function will enable flexible adaption to new services and shorten the lead time and reduce costs for new development. By adopting a cutting-edge core banking system, we will strengthen our infrastructure for providing services and improve operation processing speed. When we migrate to the next-generation IT system, we will proceed with caution, placing emphasis on a stable and steady migration process.



# Corporate culture and employee engagement

## Employee engagement

In order to realize the tenets of Mizuho's Corporate Identity, we have established an HR Vision to encourage all employees to take initiative and develop themselves.

### HR Vision

**Mizuho Financial Group firmly believes that the personal development of individual employees contributes to the stable and sustainable growth of Mizuho as a whole.**

**Mizuho recognizes those employees who make an effort to put the Mizuho Values into practice and helps employees to create a more fulfilling life through their work.**

- Mizuho encourages employees to utilize their strengths, and provides opportunities for them to use their skills and to develop their abilities.
- Mizuho encourages employees who differ in terms of gender, country of origin, cultural background, and values to understand, respect, and inspire each other.
- Mizuho works with its employees to create a corporate culture that encourages people to be passionate about and to take pride in their work.

One of the basic policies in our medium-term business plan is to “embed a corporate culture that encourages the active participation of our workforce to support a stronger Mizuho”. With this in mind, we are working towards achieving a competitive advantage for Mizuho in terms of our workforce by implementing fundamental reforms in HR management.

## Fundamental reforms in HR management

Our fundamental reforms in HR management are aimed at enabling us to continually enhance employee engagement, ensuring that all employees can achieve continual growth, reach their full potential, and enjoy long and fulfilling careers at Mizuho. As we implement each of the key strategies under these reforms, we are seeking to move away from traditional “one-size-fits-all” HR management and the inflexible promotion system based on the year one joined the company. Our focus is on drawing out the capabilities of each individual and motivating them to reach their full potential.

### Key strategies

#### 1. HR management that respects employees' individuality

- Development-focused HR management aimed at enhancing employees' strengths
- Multi-track HR management that responds to the career goals of a diverse workforce
- Promoting the health and wellbeing of employees and maintaining a healthy work environment

#### 2. Strategic employee rotation

#### 3. Development of future executive leaders

#### 4. Globalization of Mizuho's talent and HR management

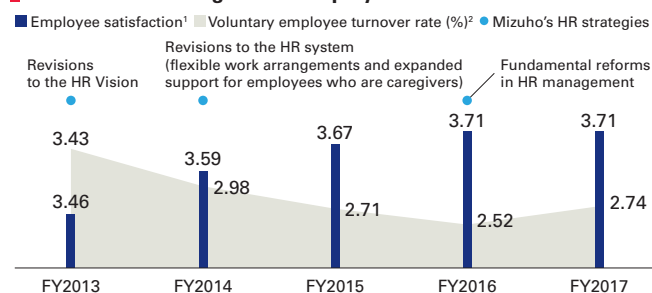
#### 5. Promotion of diversity and inclusion

### Primary initiatives in fiscal 2017

We have continued to implement and enhance a number of initiatives for promoting HR management which respects employees' individuality (development-focused HR management), future leader development programs, strategic development of female employees, and diversity and inclusion. Additionally, from fiscal 2017 we have enhanced our efforts to provide multi-track

In order to clearly communicate to all employees and executive officers the principles that will be applied to Mizuho's HR strategies, HR systems, and HR management, we established “Mizuho's HR Policy”. Additionally, we released a “Diversity and Inclusion Statement” to affirm our commitment to promoting the professional growth and active participation of our diverse workforce. Both of these documents have also been made publically available.

### Mizuho's HR strategies and employee satisfaction



1. Average response on a scale from 1 to 5 in the category of “satisfaction with the company” on the annual Staff Survey.

2. From fiscal 2017 the calculation method has been changed—results from past years are calculated using this new method retroactively.

HR management, for example by providing more opportunities for employees on fixed-term contracts. We have also promoted the globalization of our talent and HR management, accelerated initiatives under the Japanese government's “Work Style Reforms” such as remote work options, and strengthened employee health and wellness management.



## Talent development

### ■ HR management that respects employees' individuality

We will transition to a more development-focused HR management which focuses on the inherent qualities of each individual and develops their strengths by encouraging them to proactively take on challenges.

We will seek to bring out each diverse individual's potential through work experience which is beneficial based on their inherent

### ■ Strategic job rotation

Through job rotations across in-house companies, units, and entities we develop employees strategically in line with both their individual career aspirations and their potential to lead our business strategies.

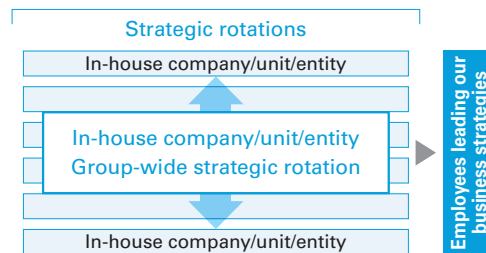
### ■ Development of future executive leaders

High potential employees are identified and selected from a diverse pool of candidates on a group-wide and global basis, and their leadership capabilities (what we categorize as "ability to initiate," "ability to achieve," and "integrity") are strategically developed through executive leader development programs. We seek to cultivate leaders who can define and articulate Mizuho's future vision and direction, corporate identity, and strategies; and who can drive growth and change, without being bound by precedent; and who do not give up when faced with a variety of difficulties or crises, but instead tackle them head-on and mitigate risk and damage to the organization.

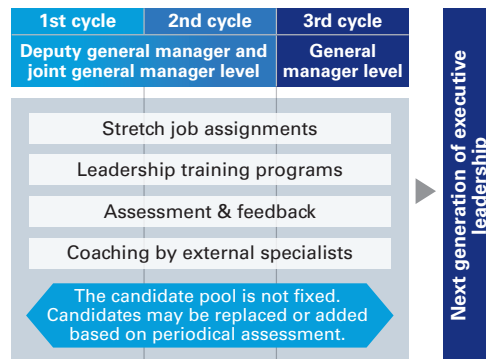
## Adopting Japan's Work Style Reforms

By encouraging the use of more flexible work arrangements such as flextime and staggered working hours, we were able to reduce overtime work hours by 10% over the past two years (compared to fiscal 2015). Additionally, we are aiming to increase productivity by providing more flexibility in terms of where employees work. Around 1,300 employees are using our remote work system, an increase of 1,000 compared to the previous fiscal year.

qualities, evaluating employees based on the growth in their abilities rather than results alone, ensuring that employees have opportunities for dialogue with their supervisors regarding their career path and that they receive sufficient feedback, providing growth opportunities through job rotations and professional development seminars, and ensuring that promotions are not denied based solely on an employee's number of years at the company or years of experience.



### ■ Overview of Mizuho's Executive Leader Development Program



We are also focusing on initiatives for eliminating overwork, and as a result the percentage of employees in any given month who worked more than 60 hours of overtime decreased from 2.9% to 1.7% (annualized) compared to the previous fiscal year. Also, we are working with industrial physicians to develop more detailed labor management practices.

### ■ Professional development seminars (FY2017)

Number of seminar participants  
**70,730 participants**  
 (+821 year-on-year)



A development seminar

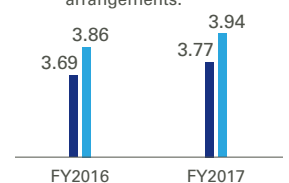
### ■ Work style reforms (FY2017)

Remote work system users  
**Around 1,300**  
 (+1,000 year-on-year)

Employees (those legally subject to work hour management) in any given month who worked more than 60 hours of overtime  
**1.7%**  
 (-1.2% year-on-year)

### ■ Staff Survey responses related to work style reforms (average response on a scale of 1 to 5)

- Q1: I have a healthy balance between my work and my personal/family life.
- Q2: Mizuho's work environment enables diverse and flexible work arrangements.



**健康経営銘柄 2018**  
Health and Productivity

Mizuho was selected under the 2018 Health & Productivity Stock Selection, which is jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



In recognition of our efforts to promote women's empowerment in the workplace, Mizuho received Nadeshiko Brand designation for fiscal 2017, conferred jointly by the Tokyo Stock Exchange and Japan's Ministry of Economy, Trade and Industry.



Mizuho received Platinum Kurumin certification in recognition of our significant efforts to implement and maintain systems that assist workers in balancing work and childcare.



Mizuho was recognized on the 2018 Bloomberg Financial Services Gender-Equality Index.



Mizuho received the top rating of "Gold" on the PRIDE Index which evaluates LGBT-related initiatives.

**Promoting employee health and wellness**

By promoting employee health and wellness, we are aiming to enhance the performance of each individual and increase the productivity of the organization as a whole. We are working to cultivate a healthy work environment and to promote employee awareness regarding health, for example by providing subsidies that encourage employees to undergo preventative

health checks. In fiscal 2017, 99% of employees took an annual medical exam and 94% took a stress assessment. Additionally, Mizuho was recognized under the 2018 Health & Productivity Stock Selection based on having put in place a number of strategies, including those aimed at reducing overtime work and preventing and controlling lifestyle diseases.

**Diversity and inclusion**

**Numerical targets (MHFG, MHBK, MHTB, and MHSC)**

Area		Initial target	Current	Numerical target (to be achieved by)	
Outside Japan (Mizuho Bank)	Percentage of management positions filled by employees hired outside Japan	33%	43% FY2017	50%	
	Percentage of management positions filled by women	7% July 2016	9% July 2018	10% July 2019	
Japan*	Percentage of management positions filled by women	General manager equivalent	3%	5%	10%
		Manager equivalent and above	10%	15%	20%
		Supervisor equivalent and above	22%	27%	30%
	Percentage of new graduates hired for management track jobs who are female	34% FY2016 intake	36% FY2018 intake	30% FY2019 intake	
	Percentage of paid annual leave taken by employees	64% FY2015	73% FY2017	70% FY2018	
	Percentage of eligible male employees who take childcare leave	1.5%	79%	100%	
Percentage of employees who are individuals with disabilities		2.2% March 2016	2.2% March 2018	2.3% June 2019	

\*total for the above noted 4 companies

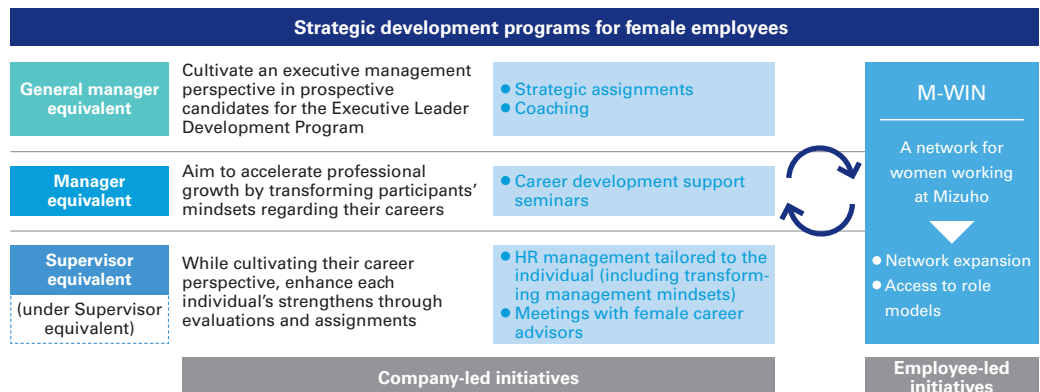
We aim to proactively incorporate the ideas and opinions of our diverse workforce into our everyday work, strategic planning, and decision-making in order to create new value and innovations. We are committed to valuing the voices of women, non-Japanese nationals, individuals with disabilities, individuals who

identify as LGBT, employees who are balancing childcare or aging family member care with their work, and other diverse groups. We are promoting diversity and inclusion in order to ensure that each employee can feel motivated and proud to be working at Mizuho and enjoy long and fulfilling careers.

**Promoting women's empowerment in the workplace**

In order to better support women's career advancement, we are strengthening and expanding our strategic development programs and putting a particular focus on

developing women leaders by providing strategic assignments and professional growth opportunities from the early stages of their careers.



**■ Connectivity and employee resource groups (ERGs)**

ERGs enable employees to connect across organizational, national, gender, and cultural boundaries and to collaborate while maintaining a strong sense of mutual trust and respect. This results in the sharing of knowledge and experience as well as increased motivation, which in turn leads to opportunities for each individual to achieve professional growth as well as encourages new ideas and discoveries which benefit our business.

**Key ERGs at Mizuho**

**Mizuho Women’s Initiatives Network (M-WIN)**

**Mizuho LGBT+ & Ally Network (M-LAN)**

**Mizuho Global Communication & Connectivity Club (MGCC)**

**Collaboration, Creation, Relation, Evolution (CocreA)**

- A network whose mission is to effect change within Mizuho through co-creation using technology.

**Globalization of Mizuho’s talent and HR management**

Mizuho’s business strategies are increasingly global in nature and therefore we are focused on developing global talent and ensuring the right person is in the right position on a global basis by standardizing HR management for all employees regardless of which country they were hired in. In particular we

are aiming to accelerate the development and promotion to management roles of employees hired outside Japan as well as provide more opportunities for Japanese employees to gain international experience.

**Our HR strategy**

Mizuho aims to continuously increase employee engagement, and our HR management is designed to encourage employees to exercise their abilities to their maximum potential, and to continuously expand their capabilities and expertise and enjoy long and fulfilling careers at Mizuho. By ensuring that there are no barriers to advancement and providing equal opportunities to all employees regardless of characteristics such as nationality, ethnicity, gender, or values, employees are motivated to both advance their own careers and contribute to the organization.

As part of the fundamental reforms in HR management which we have introduced, we are aiming to transition away from a “one-size-fits-all” style of HR management and eliminate outdated practices and unwritten rules. Our objective is to implement development-focused HR management which respects employees’ individuality and to promote diversity and inclusion as a means of achieving higher engagement in our diverse workforce, particularly for demographics underrepresented in leadership such as non-Japanese nationals and women. We are also strengthening our employee health management which is key to ensuring that employees can enjoy long and fulfilling careers at Mizuho.

**Approach to structural reforms**

In addition to our goals of strengthening our workforce’s capabilities as part of the fundamental reforms in HR management, we are also working towards achieving the optimal staffing levels outlined in the structural reforms and therefore, maximizing each individual’s productivity is key.

To optimize staffing levels, we will slim-down our workforce in areas where technology and increased operational efficiency has reduced the workload, shift personnel from back office and corporate positions to the front office, and enhance the capabilities of our workforce through professional development and by acquiring talent with the skills required for developing new business fields. These steps will enable us to achieve an optimal talent portfolio.

In order to achieve this, we are fundamentally revising our strategies concerning hiring, development, and long-term employment. In terms of hiring, we will focus on acquiring people with creative thinking and problem-solving skills. Additionally we will strengthen our efforts to acquire talent from STEM backgrounds as well as non-Japanese nationals with the aim of achieving the objectives under the structural reforms related to technology, open innovation, and globalization. As for development, in addition to strengthening all employees’ digital literacy, we are encouraging a change in mindsets and a willingness to seek self-transformation, and aiming to facilitate the shift of personnel to front office positions by providing opportunities for employees to develop the required skillsets. We are also expanding opportunities for retraining and offering other recurrent education as a means of supporting long-term employment.



**Shuji Kojima**  
Group Chief Human Resources Officer

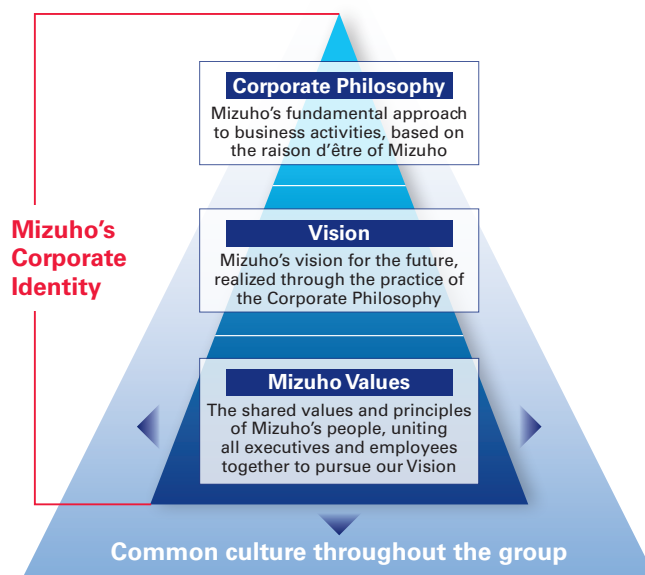
## Embedding a strong corporate culture

One of the 10 Basic Strategies set in Mizuho's medium-term business plan calls for continued initiatives toward embedding a corporate culture to support the creation of a stronger organization.

### Basic approach

We are working to embed a robust corporate culture, which is indispensable for building a strong organization to realize our aim of being a financial services consulting group.

Our corporate culture is cultivated through the actions of each and every employee based on their awareness of the Mizuho Values. With the One Mizuho Promotion Project Team taking the lead, we are working to encourage the development of a shared understanding of the Mizuho Corporate Identity and our medium-term business plan among all members of the group. Specific activities include strengthening our initiatives at the departmental and branch levels aimed at having each and every employee put the Mizuho Values into practice and promoting stronger internal communication.



### Putting the Mizuho Values into practice

All Mizuho offices around the world hold One Mizuho Day at some point in the year to discuss the initiatives they should implement to achieve their individual office visions. Other ways in which we promote dialog are off-site meetings for general managers and executive officer visits to branches or departments. These visits are held in a roundtable format and enable direct discussions between employees and senior management, which leads to a greater sense of unity and higher motivation.



### Promoting stronger internal communication

We have put in place a number of initiatives for encouraging communication among employees and fostering a sense of unity. For example, special events exclusively for group employees, the One Mizuho Culture Prize awarded to those who put the Mizuho Values into practice in an outstanding way, and a system for sending thank you cards to other employees which is easily accessible on company tablets and smartphones.



One Mizuho Culture Prize trophy

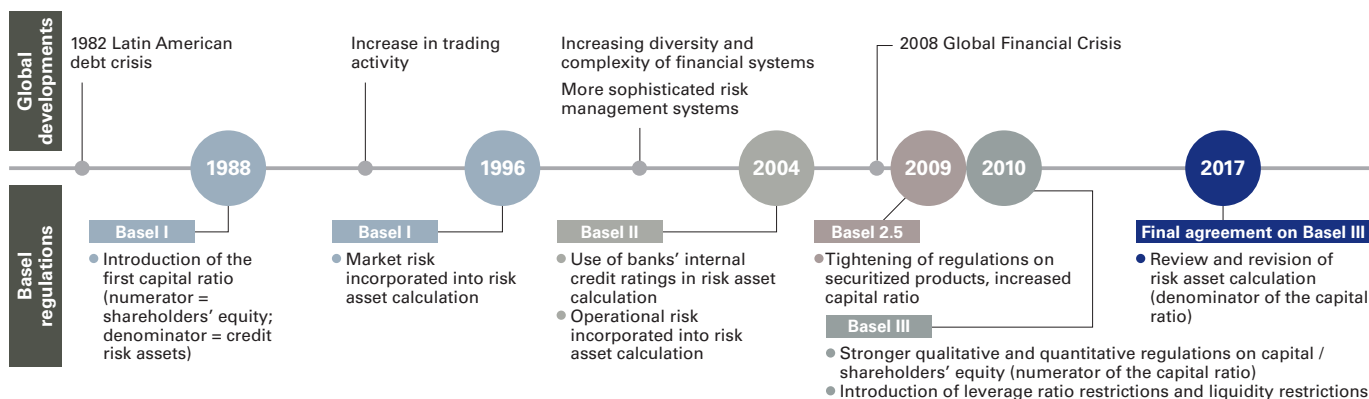


Thank you card logo



## Compliance with international financial regulations

The Basel Accords, an international regulatory framework for ensuring the soundness of banking institutions, were first created in 1988 (and now referred to as Basel I). As the financial services industry has developed, this framework has seen new iterations. At the time of the financial crisis in 2008, new issues related to the stability of the financial system became evident. In response, in 2010, capital ratio requirements were tightened in both quantitative and qualitative terms, and a new framework (Basel III) was announced that included restrictions on financial leverage and liquidity requirements. Since 2013, regulations based on these additional rules have gradually come into effect. After discussions regarding banking regulations, in December 2017, an agreement was reached regarding Basel III, mainly related to revision of risk asset calculation, bringing to an end certain regulatory reforms following the financial crisis.



### Principal restrictions under Basel III and state of compliance

#### ■ Capital ratio

This rule requires that the ratio of capital to risk assets (which are calculated by taking account of risks) must be maintained above a specified level. Since Mizuho Financial Group is designated as a G-SIB\*, it must maintain a relatively higher capital ratio. With the finalization of the Basel III framework, the

method for calculating risk assets has been reviewed and revised, and the required ratio will be increased in stages between 2022 and 2027.

\*Global Systemically Important Bank

#### ■ Leverage ratio

This rule will require that the ratio of capital to risk exposure (calculated without regard for the risk of assets held) must be maintained above a specified level. This ratio is positioned as a

supplementary requirement to the risk-based capital ratio. Mizuho, as a G-SIB, will be required to meet a relatively higher leverage ratio.

#### ■ Liquidity

The liquidity rules specify both a liquidity coverage ratio and a stable funding ratio. For the liquidity coverage ratio, banks are required to hold a high-quality portfolio of liquid assets that exceeds the estimated amount of funds that would flow out under severe stress conditions over a specified short-term period (30 days). This rule will be phased in, and 100%

compliance will be required from 2019. For the stable funding ratio, banks are required to secure stable coverage of their long-term assets and to curb inconsistencies between fund procurement and fund management structures. The minimum coverage will be 100% from the time this rule is imposed.

Mizuho Financial Group maintains all of these ratios at sufficient levels. We are also responding to these regulations by

steadily increasing our accumulation of capital and practicing proper balance sheet control.

### Future trends and compliance requirements

Under the current schedule, compliance with the final agreement on Basel III will be required beginning in 2022, after Basel Committee member countries have considered their own domestic regulations. Based on confirmation of the content of the regulations, we are moving steadily forward with putting the necessary internal systems in place. To ensure fairness in international competition, it is important that the Basel regulations are introduced in a manner that

ensures consistency of the content and the timing of the introduction. Moreover, it will be necessary to verify that the requirements introduced so far will not have an adverse impact on real economies and liquidity in financial markets, and it may be necessary to make adjustments. Regarding these points, we at Mizuho will continue to express our views and make contributions at home and abroad.

# Stakeholder communication

In addition to articulating our commitment to maintain an ethical stance towards our stakeholders within the Mizuho Code of Conduct, we aim to communicate with our stakeholders proactively and we strive to ensure that our corporate activities are aligned with social expectations as well as fair and transparent.

## Our stakeholders

We communicate with our broad base of stakeholders using a wide range of communication tools and channels and aim to reflect their opinions and ideas into our corporate activities.

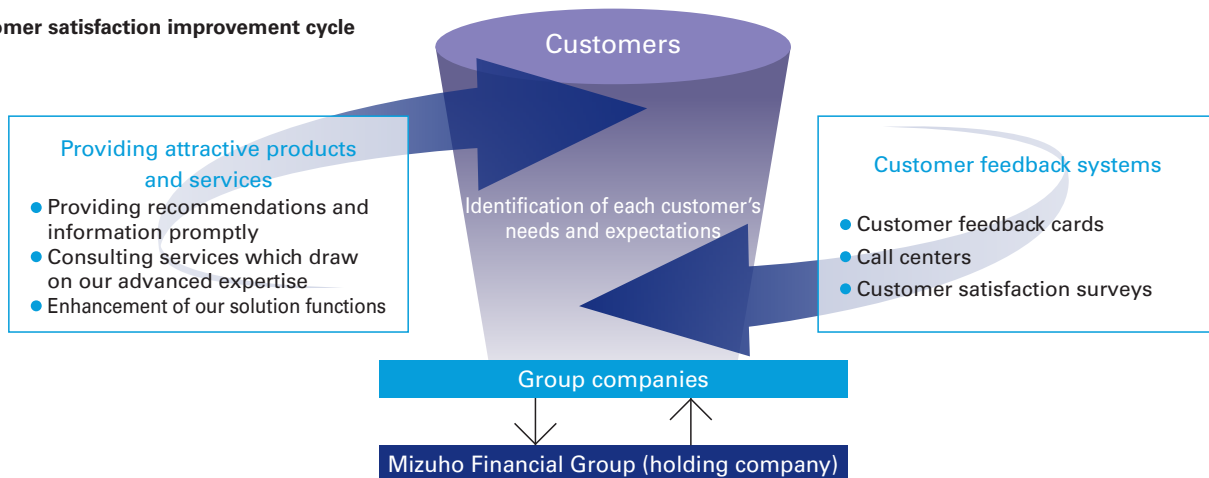


Stakeholders	Principal communication channels
<b>Customers</b>	Customer feedback cards, customer satisfaction surveys, call centers, and our website customer feedback forms for gathering opinions or complaints <b>▶ P97</b>
<b>Shareholders</b>	General shareholders' meetings, investor briefings <b>▶ P29</b>
<b>Employees</b>	Employee opinion surveys, formal discussions between employee representatives and management <b>▶ P91</b>
<b>Regional/local communities</b>	Social contribution activities, support for financial education <a href="https://www.mizuho-fg.co.jp/csr/">https://www.mizuho-fg.co.jp/csr/</a>
<b>Suppliers/competitors</b>	Purchasing activities and outsourcing contracts
<b>Government authorities</b>	Policy recommendations, participation in industry groups, appropriate responses to supervisory authorities

### A closer look at our communication with customers

In our Vision, we at Mizuho have adopted a goal of being our customers' best financial services provider and we have put a number of initiatives in place in order to achieve this objective. Using a range of communication channels, we actively stay abreast of the constantly changing needs of our customers and strive to improve the level of services that we can offer.

#### Customer satisfaction improvement cycle



Increase customer satisfaction (CS) awareness throughout the Group

- Construction of a group-wide CS promotion system
- Application of common CS improvement tools across the group
- Enhancement of CS education and training

## Systems to capture customer feedback

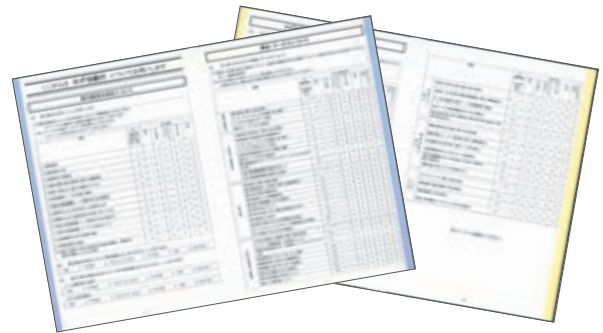
### Customer feedback cards

Customer feedback cards are distributed and otherwise made available in retail branches. We have also installed “customer feedback boards” where cards which have been submitted are displayed along with the branch’s response.



### Satisfaction surveys

We regularly conduct satisfaction surveys targeting our individual and corporate customers globally. The results of these surveys are reported directly to management and used to improve our products and services.



### Call centers

Our call centers are available for responding to customer opinions and requests and data collected from these centers is a valuable resource. In fiscal 2016, we received approximately 2.33 million phone inquiries for Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities combined.



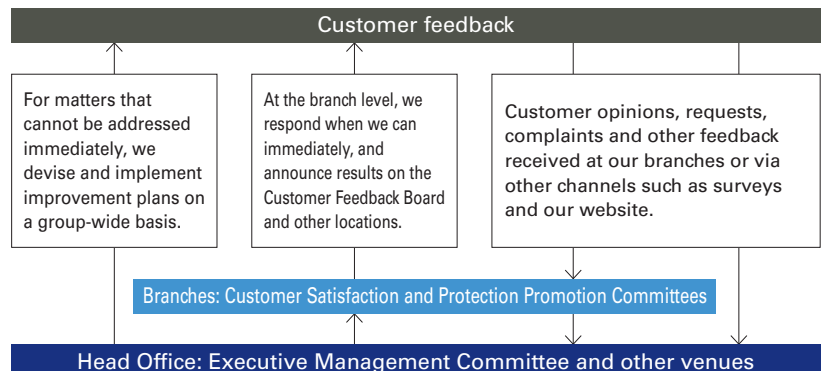
### Website feedback forms

The feedback forms available on our website are another method we use to field comments and requests directed at Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities.



## Reflecting customer feedback into our corporate activities

At Mizuho Bank, we draw on the opinions expressed by customers in discussions held by our Customer Satisfaction and Protection Promotion Committees within our branches, as well as at management level meetings, including those of the Executive Management Committee. When we have made improvements based on customer feedback, we post this information on our Customer Feedback Boards located in our branches.



## Six-year major financial data (FY2012-2017)

### Summary of consolidated performance

(¥ billion)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Consolidated gross profits	2,171.7	2,035.2	2,247.7	2,221.6	2,092.7	1,915.3
Net interest income	1,075.8	1,108.3	1,129.4	1,003.6	867.8	807.3
Fiduciary income	48.5	52.0	52.6	53.4	50.6	55.4
Credit costs for trust accounts	—	—	—	—	—	—
Net fee and commission income	507.3	560.7	593.3	607.5	603.5	614.3
Net trading income	215.0	187.4	262.9	310.5	325.3	275.7
Net other operating income	324.8	126.7	209.3	246.4	245.4	162.4
General and administrative expenses	(1,244.6)	(1,258.2)	(1,351.6)	(1,349.5)	(1,467.2)	(1,488.9)
<b>Consolidated net business profits*</b>	<b>912.1</b>	<b>744.2</b>	<b>876.9</b>	<b>852.8</b>	<b>663.4</b>	<b>457.8</b>
Credit-related costs	(111.8)	112.8	(4.6)	(30.4)	(47.5)	156.3
Aggregate figures for the 2 banks	(114.1)	116.6	(7.8)	(26.7)	(49.3)	153.2
Net gains (losses) related to stocks	(82.9)	77.0	131.9	205.6	242.1	272.0
Net gains (losses) on sales of stocks	46.6	81.5	143.7	225.3	261.1	288.3
Losses on impairment (devaluation) of stocks	(125.8)	(5.3)	(5.3)	(10.3)	(4.8)	(5.1)
Equity in income from investment in affiliates	(11.1)	15.4	15.0	24.2	18.8	21.4
Other	29.2	5.1	(27.5)	(74.0)	(101.5)	(93.7)
<b>Ordinary profits</b>	<b>750.3</b>	<b>987.5</b>	<b>1,010.8</b>	<b>997.5</b>	<b>737.5</b>	<b>782.4</b>
Net extraordinary gains (losses)	(32.5)	(2.2)	(20.2)	10.7	46.6	17.5
Income taxes – current	(50.4)	(137.0)	(260.2)	(213.2)	(196.5)	(190.1)
– deferred	(7.4)	(77.9)	(44.7)	(69.2)	58.8	(1.4)
<b>Profit</b>	<b>659.9</b>	<b>770.3</b>	<b>685.6</b>	<b>725.7</b>	<b>646.4</b>	<b>608.3</b>
Profit attributable to non-controlling interests	(99.4)	(81.9)	(73.7)	(54.7)	(42.9)	(31.7)
<b>Profit attributable to owners of parent</b>	<b>560.5</b>	<b>688.4</b>	<b>611.9</b>	<b>670.9</b>	<b>603.5</b>	<b>576.5</b>

\*Consolidated gross profits – G&A expenses (excluding non-recurring losses) + Equity in income from investments in affiliates and certain other consolidation adjustments

### Summary of consolidated balance sheet

(¥ billion)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Assets</b>	<b>177,411.0</b>	<b>175,822.8</b>	<b>189,684.7</b>	<b>193,458.5</b>	<b>200,508.6</b>	<b>205,028.3</b>
Loans and bills discounted	67,536.8	69,301.4	73,415.1	73,708.8	78,337.7	79,421.4
Securities	53,472.3	43,997.5	43,278.7	39,505.9	32,353.1	34,183.0
<b>Liabilities</b>	<b>169,674.8</b>	<b>167,518.3</b>	<b>179,884.2</b>	<b>184,105.3</b>	<b>191,235.2</b>	<b>195,207.0</b>
Deposits	84,241.9	89,055.5	97,757.5	105,629.0	120,045.2	125,081.2
Negotiable certificates of deposit	15,326.7	12,755.7	15,694.9	11,827.5	10,631.2	11,382.5
<b>Net assets</b>	<b>7,736.2</b>	<b>8,304.5</b>	<b>9,800.5</b>	<b>9,353.2</b>	<b>9,273.3</b>	<b>9,821.2</b>
Total shareholders' equity	5,174.6	5,676.2	6,131.1	6,559.9	7,001.2	7,388.3
Retained earnings	1,814.7	2,315.6	2,769.3	3,197.6	3,615.4	4,002.8
Total accumulated other comprehensive income	752.5	781.0	2,029.9	1,607.8	1,520.9	1,677.5
Non-controlling interests	1,806.4	1,844.0	1,635.5	1,182.6	749.3	754.2

### Financial indicators

(%)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Common Equity Tier 1 capital ratio (consolidated)	8.16	8.80	9.43	10.50	11.34	12.49
Tier 1 capital ratio (consolidated)	11.03	11.35	11.50	12.64	13.30	15.44
Total capital ratio (consolidated)	14.19	14.36	14.58	15.41	16.28	18.24
Net assets per share (yen)	229.70	253.25	322.86	322.46	335.96	357.41
Profit attributable to owners of parent per share (yen)	22.96	28.18	24.91	26.94	23.86	22.72
Net return on equity (consolidated)	10.99	11.65	8.60	8.37	7.27	6.55

# Review and analysis for fiscal 2017

## Financial and economic environment

Reviewing the economic environment over the fiscal year ended March 31, 2018, the global economy has continued on a path of gradual recovery backed by factors such as the rally in the Chinese economy, improvements related to the IT cycle, and improvements in business confidence, predominately in major industrialized countries.

In the United States, continued recovery has been underpinned by (i) continued strong consumer spending resulting from improvements in the employment and income environment and wealth effects due to a surge in stock prices and (ii) capital investment that began to increase as a result of expectations over the Trump administration's tax reduction measures. Under such circumstances, the Federal Reserve Board (FRB) pursued an exit strategy from monetary easing whereby, among other measures, the FRB raised interest rates in June 2017, September 2017, and March 2018 and began shrinking its balance sheet in October 2017.

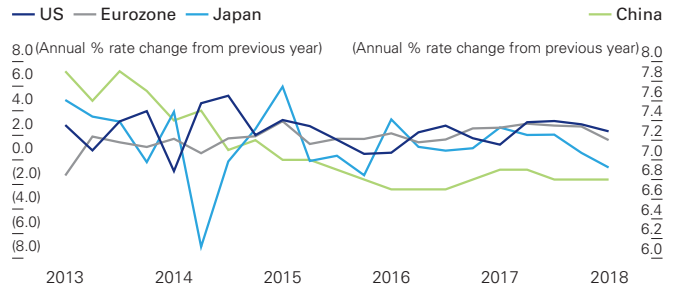
In Europe, despite downward pressure from the further appreciation of Euro, the economy has continued to recover, backed by the continued expansion of consumer spending due to an increase in employment, in addition to the actualization of demand for capital investments that had been put off due to political uncertainty surrounding the presidential election in France. Given these conditions, the European Central Bank (ECB), while leaving key interest rates unchanged, determined in October 2017 to decrease monthly asset purchases by half and steered itself in the direction of pursuing an exit strategy from monetary easing.

In Asia, the Chinese economy remained strong, despite continued sluggishness in capital investment due to tighter financial regulations and policies to control real-estate speculation, supported by such factors as strong consumer spending and an expansion of exports, which were backed by income growth and governmental policies to support the economy adopted in preparation for the National Congress of the Communist Party of China in fall 2017. The economies of emerging countries continued on a recovery trend, due to such factors as the steadiness of China's economy and expansion of exports.

In Japan, the economy continued on a recovery trend, benefiting from overseas economic expansion and strong domestic demand. Regarding domestic demand, the improvement of the inventory cycle, the rise of capital investment related to the 2020 Tokyo Olympic Games, and productivity improvements, as well as the implementation of public investment in connection with Japan's economic stimulus measures, served to bolster growth. Consumer spending has maintained its recovery due to the replacement of durable goods and the effect of wage increases especially in small and medium-sized enterprises. Under such circumstances, stock prices trended upward and the exchange rate continued to trend sideways; however, since February 2018, stock prices have entered a correction phase with a stronger yen due to the rise in the long-term interest rates in the United States and concerns regarding the protectionist policies of the Trump administration. On the other hand, long-term interest rates continued to remain low, at around 0%, under the Bank of Japan's "Quantitative and Qualitative Monetary Easing with Yield Curve Control."

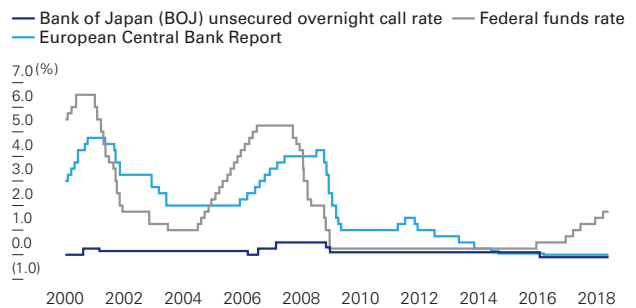
As for the future direction of the global economy, recovery is expected to continue to be centered on the United States, but it remains necessary to further monitor downward risks such as the United States' governmental policies, political concerns in Europe, the economic outlook for China, and heightening geopolitical risks. As for the future direction of the Japanese economy, it is expected to continue on its gradual recovery path, supported by the effects of government economic measures and growth in consumer spending and capital investment. However, the potential impact of increasing uncertainty in overseas economies on Japan requires monitoring.

### GDP of major countries



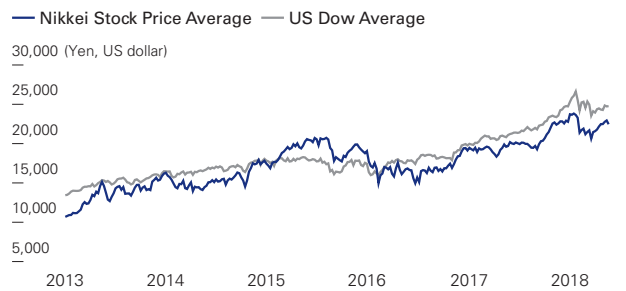
(Source: Prepared by Mizuho Research Institute based on the data of Japan's Cabinet Office)

### Policy interest rate



Note: BOJ: After introduction of negative interest rates, interest rate applied to balances carrying the policy interest rates  
(Source: Prepared by Mizuho Research Institute based on the data of Bloomberg)

### Trends in stock prices



(Source: Prepared by Mizuho Research Institute based on the data of Bloomberg) ©Nikkei

### Trends in exchange rates



(Source: Prepared by Mizuho Research Institute based on the data of Bloomberg)

## Summary of consolidated performance

### Historical data

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Consolidated gross profit	1,806.9	1,996.6	2,025.3	2,003.0	2,171.7	2,035.2	2,247.7	2,221.6	2,092.7	1,915.3
Consolidated net business profit <sup>1</sup>	622.6	702.6	741.7	719.1	912.1	744.2	876.9	852.8	663.4	457.8
Net income (losses) <sup>2</sup>	(588.8)	239.4	413.2	484.5	560.5	688.4	611.9	670.9	603.5	576.5

1. Consolidated gross profits – G&A expenses (excluding non-recurring losses) + Equity in income from investments in affiliates and certain other consolidation adjustments  
 2. Profit attributable to owners of parent

### Consolidated

	FY2017	FY2016	Change from FY2016
Consolidated gross profits	1,915.3	2,092.7	(177.3)
Consolidated net business profits*	457.8	663.4	(205.5)
Credit-related costs	156.3	(47.5)	203.8
Net gains (losses) related to stocks	272.0	242.1	29.8
Ordinary profits	782.4	737.5	44.9
Profit attributable to owners of parent	576.5	603.5	(26.9)

\*Consolidated gross profits – G&A expenses (excluding non-recurring losses) + Equity in income from investments in affiliates and certain other consolidation adjustments

### Mizuho Bank + Mizuho Trust & Banking\* (Aggregate figures on a non-consolidated basis)

	FY2017	FY2016	Change from FY2016
Gross profits	1,293.3	1,441.4	(148.1)
G&A expenses (excluding non-recurring losses)	(964.7)	(947.1)	(17.6)
Net business profits	328.5	494.3	(165.7)
Credit-related costs	153.2	(49.3)	202.5
Net gains (losses) related to stocks	266.3	210.5	55.8
Ordinary profits	616.5	522.8	93.6
Net income	493.1	388.0	105.1

\*the Two Banks

### Mizuho Securities (consolidated)

	FY2017	FY2016	Change from FY2016
Net operating revenues	306.0	365.9	(59.9)
SG&A expenses	(263.4)	(290.9)	27.5
Ordinary income	43.2	75.8	(32.5)
Profit attributable to owners of parent	35.7	188.5	(152.8)

### Consolidated net business profits

We recorded consolidated gross profits of ¥1,915.3 billion for fiscal 2017, decreasing by ¥177.3 billion from the previous fiscal year. Gross profits of the aggregate figures for Mizuho Bank and Mizuho Trust & Banking (the Two Banks) on a non-consolidated basis decreased by ¥148.1 billion on a year-on-year basis to ¥1,293.3 billion, reflecting the decline in income, etc., of market divisions due mainly to internal and external conditions, etc. General and administrative expenses of the Two Banks increased by ¥17.6 billion on a year-on-year basis to ¥964.7 billion. Net operating revenues of Mizuho Securities on a consolidated basis decreased by ¥59.9 billion on a year-on-year basis to ¥306.0 billion in part due to a decline in the gain from trading and the impact of a decrease in the number of consolidated subsidiaries as a result of corporate restructuring in the group companies and other factors. SG&A expenses decreased by ¥27.5 billion on a year-on-year basis to ¥263.4 billion. As a result, consolidated net business profits decreased by ¥205.5 billion on a year-on-year basis to ¥457.8 billion.

### Profit attributable to owners of parent

Consolidated credit-related costs amounted to a gain on credit recoveries of ¥156.3 billion. Net gains (losses) related to stocks increased by ¥29.8 billion on a year-on-year basis to ¥272.0 billion. As a result, ordinary profits increased by ¥44.9 billion on a year-on-year basis to ¥782.4 billion. Net extraordinary gains (losses) decreased by ¥29.1 billion on a year-on-year basis to net gains of ¥17.5 billion due to reporting of gains on the return from the cancellation of employee retirement benefit trust on the one hand and the completion of special gains accompanying group corporate realignments. Income taxes increased by ¥53.8 billion on a year-on-year basis to ¥191.6 billion. As a result, profit attributable to owners of parent for FY2017 decreased by ¥26.9 billion on a year-on-year basis to ¥576.5 billion. This result shows a 104% achievement against the earnings plan for FY2017 of ¥550.0 billion.

## Summary of consolidated balance sheet

### Consolidated

	March 31, 2018	March 31, 2017	Change from March 31, 2017
	(¥ billion)		
<b>Assets</b>	<b>205,028.3</b>	<b>200,508.6</b>	<b>4,519.6</b>
Securities	34,183.0	32,353.1	1,829.8
Japanese government bonds	15,292.0	13,324.3	1,967.6
Japanese local government bonds	239.3	284.4	(45.1)
Japanese corporate bonds and short-term bonds	2,964.2	2,696.3	267.8
Japanese stocks	3,952.7	3,958.4	(5.6)
Other	11,734.6	12,089.5	(354.8)
Loans and bills discounted	79,421.4	78,337.7	1,083.6
Loans (MHBK+MHTB, banking account + trust account)	75,201.7	75,416.0	(214.2)
Domestic total	55,729.0	56,288.5	(559.5)
Loans to SMEs and individual customers	32,740.4	32,500.8	239.6
(Housing loans for owner's residential housing)	9,136.8	9,497.5	(360.7)
Overseas total	19,472.7	19,127.5	345.2
<b>Liabilities</b>	<b>195,207.0</b>	<b>191,235.2</b>	<b>3,971.8</b>
Deposits	125,081.2	120,045.2	5,036.0
Domestic deposits (MHBK + MHTB)	96,788.3	92,744.3	4,044.0
Individual deposits	42,861.9	41,381.9	1,479.9
Corporate deposits	47,109.9	43,941.2	3,168.6
Financial/government institutions	6,816.5	7,421.1	(604.5)
Negotiable certificates of deposit	11,382.5	10,631.2	751.3
<b>Net assets</b>	<b>9,821.2</b>	<b>9,273.3</b>	<b>547.8</b>
Total shareholders' equity	7,388.3	7,001.2	387.0
Common stock and preferred stock	2,256.5	2,256.2	0.2
Capital surplus	1,134.9	1,134.4	0.5
Retained earnings	4,002.8	3,615.4	387.3
Treasury stock	(5.9)	(4.8)	(1.1)
Total accumulated other comprehensive income	1,677.5	1,520.9	156.5
Net unrealized gains (losses) on other securities	1,392.3	1,289.9	102.4
Deferred gains or losses on hedges	(67.5)	10.1	(77.7)
Revaluation reserve for land	144.2	145.6	(1.3)
Foreign currency translation adjustments	(85.0)	(69.6)	(15.4)
Remeasurements of defined benefit plans	293.5	144.8	148.6
Stock acquisition rights	1.1	1.7	(0.5)
Non-controlling interests	754.2	749.3	4.8

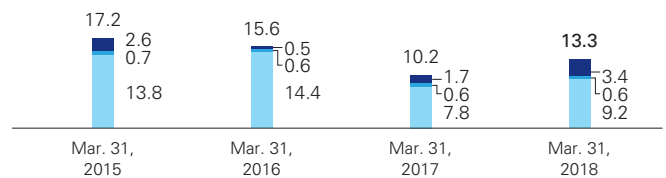
### Securities

Securities were ¥34,183.0 billion, increasing by ¥1,829.8 billion from the end of the previous fiscal year due to an increase in JGBs and other factors.

#### JGB balance (MHBK + MHTB)<sup>1</sup>

(Acquisition cost basis)

■ Medium- and long-term bonds<sup>2</sup> ■ Floating-rate notes ■ Treasury discount bills  
(¥ trillion)



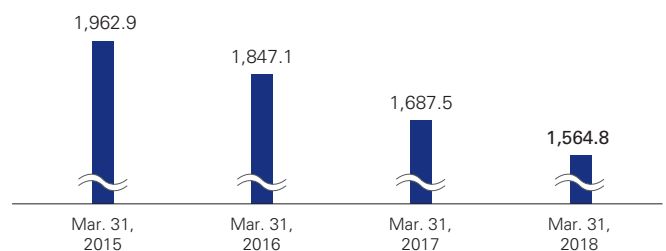
Average remaining period<sup>3</sup>

2.6 years	2.5 years	2.4 years	2.5 years
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- Other securities which have readily determinable fair values
- Including bonds with remaining period of one year or less
- Excluding floating-rate notes

#### Japanese stocks (consolidated)\* (¥ billion)

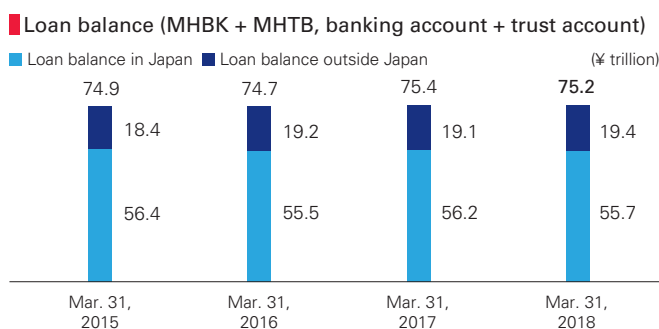
(Acquisition cost basis)



\*Other securities which have readily determinable fair values

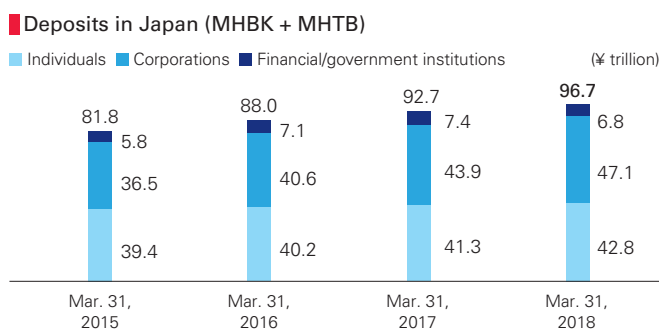
## Loans

The combined total of loans for the Two Banks was ¥75,201.7 billion, a decrease of ¥214.2 billion from FY2016. For our loan balance in Japan, while the balance of large, medium, and small businesses increased, that of personal loans and that such as Japanese government loans decreased, resulting in an overall decrease of ¥559.5 billion (including ¥1,115.9 billion loans to the Japanese government, etc.). Our loan balance outside Japan (including loans booked offshore) increased by ¥345.2 billion, mainly due to an increase in loans in Asia.



## Deposits

The combined deposits in Japan of the Two Banks increased by ¥4,044.0 billion from FY2016 due to factors such as an increase in corporate deposits.

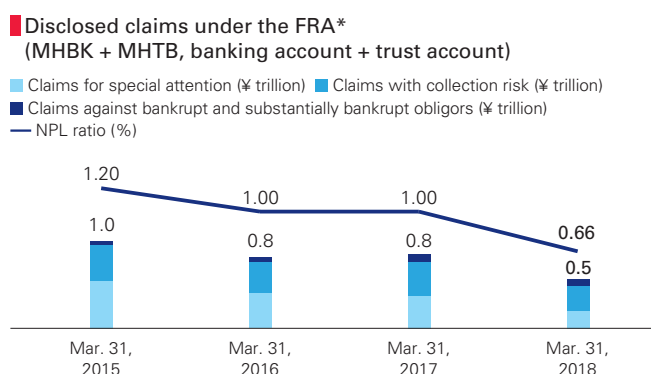


## Total net assets

Net assets amounted to ¥9,821.2 billion, increasing by ¥547.8 billion from FY2016 due to an increase in retained earnings by recording profit attributable to owners of parent, an increase in accumulated adjustment amounts related to retirement benefits, and other factors.

## Non-performing loans (NPLs)

The combined NPL balance of the Two Banks was ¥558.7 billion, a decrease of ¥281.2 billion from FY2016, and the NPL ratio was 0.66%. We maintained a good credit portfolio, with both the NPL balance and ratio remaining stable in a low position.



\*Financial Reconstruction Act

**Disclosed claims under the FRA (MHBK + MHTB, banking account + trust account)** (¥ billion)

	March 31, 2018	March 31, 2017	Change from March 31, 2017
Claims against bankrupt and Substantially bankrupt obligors	76.6	82.7	(6.1)
Claims with collection risk	284.2	390.0	(105.7)
Claims for special attention	197.8	367.2	(169.4)
Subtotal	558.7	840.0	(281.2)
Normal claims	83,644.2	82,716.4	927.8
Total	84,203.0	83,556.4	646.5
NPL ratio	0.66%	1.00%	(0.34%)



## BIS capital

### BIS capital

The Common Equity Tier 1 capital was ¥7,437.0 billion, an increase of ¥435.3 billion from FY2016, due to the increase in retained earnings by recording profit attributable to owners of parent.

### Risk assets

The risk-weighted assets were ¥59,528.9 billion, a decrease of ¥2,188.1 billion from FY2016, due to a decrease in credit risk related assets

### BIS capital ratio

The Common Equity Tier 1 ratio increased by 1.15% from FY2016 to 12.49%.

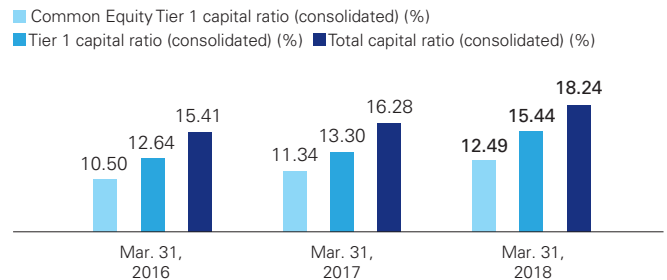
#### ■ BIS capital ratio (consolidated)

	March 31, 2018	March 31, 2017	Change from March 31, 2017
	(¥ billion)		
<b>Common Equity Tier 1 capital (CET1)</b>	7,437.0	7,001.6	435.3
Capital stock, surplus, and retained earnings	7,387.8	7,000.6	387.1
<b>Additional Tier 1 capital</b>	1,755.1	1,209.8	545.3
Additional Tier 1 capital instruments	1,220.0	760.0	460.0
Eligible Tier 1 capital instruments subject to phase-out arrangements	577.5	577.5	—
<b>Tier 2 capital</b>	1,668.1	1,839.4	(171.2)
Tier 2 capital instruments	988.1	852.4	135.6
Eligible Tier 2 capital instruments subject to phase-out arrangements	674.8	842.1	(167.3)
<b>Total capital</b>	10,860.4	10,050.9	809.4
<b>Risk-weighted assets</b>	59,528.9	61,717.1	(2,188.1)
Credit risk assets	53,647.3	56,060.0	(2,412.7)
Market risk equivalent assets	2,470.3	2,282.8	187.4
Operational risk equivalent assets	3,411.2	3,374.2	37.0
<b>Total capital ratio (consolidated)</b>	18.24%	16.28%	1.96%
<b>Tier 1 capital ratio (consolidated)</b>	15.44%	13.30%	2.14%
<b>Common Equity Tier 1 capital ratio (consolidated)</b>	12.49%	11.34%	1.15%

### Status of capital adequacy

The total capital ratio, Tier 1 capital ratio, and Common Equity Tier 1 capital ratio at the end of March 2018 were 18.24%, 15.44%, and 12.49%, respectively.

#### ■ BIS capital ratio



Mizuho continues to perform disciplined capital management policy which maintains the optimum balance between strengthening of the stable capital base and steady returns to shareholders.

Under our current medium-term business plan, we aim to achieve a Common Equity Tier 1 capital ratio of approximately 10% by the end of the final year (FY2018) (fully effective basis\* based on current regulations), excluding net unrealized gains on other securities). This ratio is steadily increasing and stood at 10.15% on March 31, 2018, thus attaining the target level one year ahead of schedule.

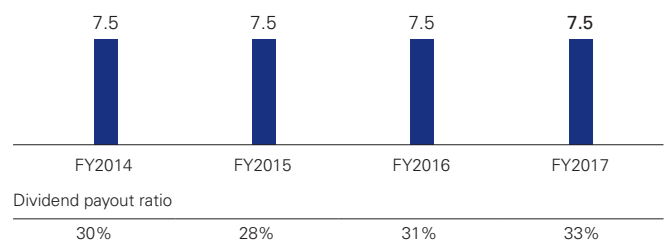
\* Calculated on a Basel III fully effective basis at the end of FY2018.

### Dividend policy

As for our policy to return profits to shareholders, we have implemented a steady dividend payout policy setting a dividend payout ratio on a consolidated basis of approximately 30% as a guide for our consideration.

Based on this policy, we made cash dividend payments on common stock of ¥7.50 (¥3.75 for interim dividends and ¥3.75 for year-end dividends) for the fiscal year ended March 31, 2018, the same amount as the annual dividend of the previous fiscal year. The Board of Directors of Mizuho Financial Group has considered thoroughly and decided it by taking into account our business environment comprehensively such as the financial results for FY2017 in which profit attributable to owners of parent achieved earnings estimates, future earnings forecasts, profit base, status of capital adequacy, and domestic and international regulation trends such as the Basel framework.

#### ■ Cash dividend per share of common stock (¥)



# Office network

We utilize our office network, which covers every prefecture in Japan as well as major cities outside Japan, to respond to our customers' diversified and globalizing financial needs while supporting their economic activities.

### Europe, the Middle East, and Africa

Mizuho Bank	17 offices
Mizuho Trust & Banking	1 office
Mizuho Securities	4 offices
Asset Management One	1 office

### Asia and Oceania

Mizuho Bank	44 offices
Mizuho Securities	9 offices
Asset Management One	2 offices



### International network (As of June 30, 2018)

<b>Mizuho Bank: 89 offices</b>	<b>Mizuho Trust &amp; Banking: 1 office</b>	<b>Mizuho Securities: 24 offices</b>	<b>Asset Management One: 4 offices</b>
♥ Branch or equivalent 42	◆ Subsidiary 1	♣ Representative office 2	♦ Subsidiary 4
♣ Representative office 6		◆ Subsidiary 22	
◆ Subsidiary 41			

Note: Subsidiaries include head offices, branches or relevant offices, and representative offices of overseas subsidiaries.

#### Americas

Mizuho Bank	28 offices
Mizuho Securities	11 offices
Asset Management One	1 office



- In April 2017, Mizuho Bank Phnom Penh Representative Office (opened July 2013) became Mizuho Bank Phnom Penh Branch (under the Bangkok Branch).
- In October 2017, Mizuho Bank opened Mizuho Bank Mexico, SA, León Office.
- In October 2017, Mizuho Bank opened Washington, DC Representative Office.
- In March 2018, Mizuho Bank opened the Dallas Representative Office in Texas (USA).
- In October 2017, Mizuho Securities opened Mizuho Securities Asia Limited, Seoul Branch.
- In January 2018, Mizuho Securities opened Mizuho International plc (DIFC\* Branch) in Dubai.
- \*DIFC: Dubai International Financial Centre
- In April 2018, Mizuho Securities opened Mizuho Securities Asia Limited (Sydney Office).
- In June 2018, Mizuho Securities established Mizuho Securities Europe GmbH in Frankfurt, Germany, and is in the process of obtaining a license for securities business.
- In December 2017, Mizuho Trust & Banking Co. (USA) merged and became part of Mizuho Bank (USA).

### Network in Japan (As of June 30, 2018)

#### Mizuho Bank

Head office and branches: 421  
Sub-branches: 44

#### Mizuho Trust & Banking

Head office and branches: 36  
Sub-branches: 24

#### Mizuho Securities

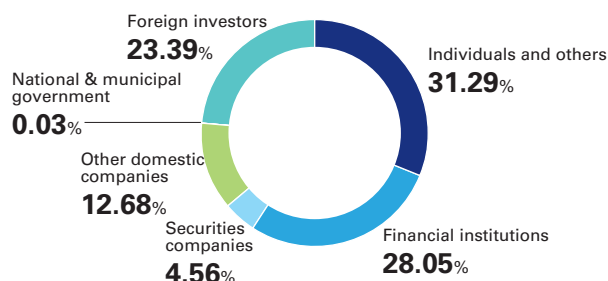
Tokyo head office and regional head offices: 3  
Branches: 105  
Planet Booths\*: 153  
Sales office: 1

\*Planet Booths are the consulting booths of Mizuho Securities located in Mizuho Bank's branches

## Corporate profile (As of March 31, 2018)

<b>Company name:</b>	Mizuho Financial Group, Inc.
<b>Stock listing (code):</b>	Tokyo Stock Exchange (8411) New York Stock Exchange (MFG)
<b>Location of head office:</b>	1-5-5, Otemachi, Chiyoda-ku, Tokyo 100-8176, Japan
<b>Representative:</b>	Tatsufumi Sakai, President & Group CEO (Appointed on April 1, 2018)
<b>Capital:</b>	¥2,256.2 billion
<b>Issued shares:</b>	25,389,644,945 shares
<b>Number of employees:</b>	1,526 (Total number of employees on a consolidated basis: 60,051)
<b>Date of establishment:</b>	January 8, 2003

### Shareholders (common stock)



### Rating information

(As of June 30, 2018)

	R&I	JCR	Moody's	S&P	Fitch
Mizuho Financial Group	A+	AA-	A1	A-	A-
Mizuho Bank	AA-	AA	A1	A	A-
Mizuho Trust & Banking	AA-	AA	A1	A	A-
Mizuho Securities	AA-	AA	A1	A	—
(Reference) Japanese Government	AA+	AAA	A1	A+	A

### Historical data of stock price



The graph showing Mizuho Financial Group's stock price and the Nikkei stock price average has been prepared as an index with the closing prices on March 31, 2016 as 100.

©Nikkei

### Website



Our website provides additional information regarding the business operations of Mizuho Financial Group and our group companies. Sections covering IR, financial information, and our products and services are available in addition to in-depth industry and economic reports. Additionally, you can sign up for our News Release E-mail Distribution Service to receive updates by email.

[www.mizuho-fg.com/](http://www.mizuho-fg.com/)

#### Corporate responsibility



Gain insights into our approach to CSR.

[www.mizuho-fg.com/csr/](http://www.mizuho-fg.com/csr/)

#### Investor relations



Access reports, presentations, news, and other investor resources and get details on upcoming events.

[www.mizuho-fg.com/investors/](http://www.mizuho-fg.com/investors/)

## Group companies (As of March 31, 2018, except for each company's network, which is as of June 30, 2018)

### Mizuho Bank

Date of establishment	July 1, 2013
Capital	¥1,404.0 billion
Location of head office	1-5-5, Otemachi, Chiyoda-ku, Tokyo 100-8176, Japan
Representative	Koji Fujiwara, President & CEO
Number of employees	30,301
Network in Japan	465
Network outside Japan	89
Website	<a href="http://www.mizuho.com/">www.mizuho.com/</a>

### Mizuho Trust & Banking

Date of establishment	March 12, 2003
Capital	¥247.3 billion
Location of head office	1-2-1, Yaesu, Chuo-ku, Tokyo 103-8670, Japan
Representative	Tetsuo Iimori, President & CEO
Number of employees	3,415
Network in Japan	60
Network outside Japan	1
Website	<a href="http://www.mizuho-tb.co.jp/english/">www.mizuho-tb.co.jp/english/</a>

### Mizuho Securities

Date of establishment	January 4, 2013
Capital	¥125.1 billion
Location of head office	Otemachi First Square, 1-5-1, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Representative	Koichi Iida, President & CEO (Appointed on April 1, 2018)
Number of employees	7,554
Network in Japan	262
Network outside Japan	24
Website	<a href="http://www.mizuho-sc.com/english/">www.mizuho-sc.com/english/</a>



### Mizuho Research Institute

Mizuho Research Institute is one of Japan's leading think tanks providing research, consulting, and corporate memberships. In addition to providing high-value-added information and preparing policy proposals, Mizuho Research Institute offers highly actionable consulting advice to assist the Japanese national government, local governments, and private corporations in addressing the issues they confront. Mizuho Research Institute has the largest number of corporate membership subscribers of any bank-affiliated research institute in Japan.

<b>Date of establishment</b>	October 1, 2002
<b>Capital</b>	¥900 million
<b>Location of head office</b>	1-2-1, Uchisaiwaicho, Chiyoda-ku, Tokyo
<b>Representative</b>	Hideyuki Takahashi, President & CEO
<b>Number of employees</b>	322
<b>Website</b>	<a href="http://www.mizuho-ri.co.jp/english/">www.mizuho-ri.co.jp/english/</a>

### Asset Management One

Asset Management One is an asset management company in which Mizuho and Dai-ichi Life Holdings both have equity holdings. Asset Management One collaborates with its offices in Europe, the US, and Asia to offer investment trust products to individuals and corporations, as well as provide investment advisory services to customers including Japanese and overseas pension funds.

<b>Date of establishment</b>	October 1, 2016
<b>Capital</b>	¥2,000 million
<b>Location of head office</b>	Tekko Building, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
<b>Representative</b>	Akira Sugano, President & CEO (Appointed on April 1, 2018)
<b>Number of employees</b>	908
<b>Network outside Japan</b>	4
<b>Website</b>	<a href="http://www.am-one.co.jp/english/">www.am-one.co.jp/english/</a>

### Mizuho Private Wealth Management

Mizuho Private Wealth Management offers consulting services tailored to the needs of its customers. These services range from consulting on customers' financial matters such as wealth management, arranging for business inheritance to advice on customers' individual matters, including health of the customers themselves as well as family members and children's education.

<b>Date of establishment</b>	October 3, 2005
<b>Capital</b>	¥500 million
<b>Location of head office</b>	1-1-5, Uchisaiwaicho, Chiyoda-ku, Tokyo
<b>Representative</b>	Takeru Watanabe, President
<b>Number of employees</b>	37

### Mizuho Information & Research Institute

With IT as its core technology, Mizuho Information & Research Institute is a professional organization with more than 4,000 employees that provides assistance to corporations in increasing their corporate value through its consulting, system integration, and outsourcing services.

<b>Date of establishment</b>	October 1, 2004
<b>Capital</b>	¥1,627 million
<b>Location of head office</b>	2-3 Kanda-Nishikicho, Chiyoda-ku, Tokyo
<b>Representative</b>	Junichi Nishizawa, President & CEO
<b>Number of employees</b>	4,283
<b>Website</b>	<a href="http://www.mizuho-ir.co.jp/english/">www.mizuho-ir.co.jp/english/</a>

### Trust & Custody Services Bank

As Mizuho's trust bank specializing in asset administration, Trust & Custody Services Bank provides high-quality, high-value-added trust and custody services to clients, including large institutional investors. As of March 31, 2018, the balance of assets under custody and administration exceeded ¥380 trillion, one of the largest such balances in Japan.

<b>Date of establishment</b>	January 22, 2001
<b>Capital</b>	¥50,000 million
<b>Location of head office</b>	Tower Z, Harumi Triton Square, 1-8-12, Harumi, Chuo-ku, Tokyo
<b>Representative</b>	Nobumitsu Watanabe, President & CEO (Appointed on June 14, 2018)
<b>Number of employees</b>	668
<b>Website</b>	<a href="http://www.tcsb.co.jp/english/">www.tcsb.co.jp/english/</a>

### Mizuho Americas

Mizuho Americas was established as a US bank holding company with Mizuho's primary US-based banking, trust banking, and securities entities under it to meet the US regulations governing the operations of foreign banks. To further increase its competitiveness in the US, which is the world's largest financial market, Mizuho Americas is proactively strengthening its governance framework, and, while promoting the collaboration of its banking, trust banking, and securities operations, it is conducting management and other activities that are necessary for expanding its profit base.

<b>Date of establishment</b>	June 20, 2016
<b>Capital</b>	\$3,820 million
<b>Location of head office</b>	1251 Avenue of the Americas, New York, NY 10020, USA
<b>Representative</b>	Teiji Teramoto, CEO (Appointed on April 1, 2018)
<b>Website</b>	<a href="http://www.mizuhoamericas.com/">www.mizuhoamericas.com/</a>

Notes: 1. The representatives of each company have representation rights.

2. The number of employees does not include each company's employees dispatched outside each company while it includes employees dispatched to each company from other organizations. This figure also includes overseas local staff but excludes executive officers and temporary employees.

3. Mizuho's network consists of our Head Office and branches in Japan, and branches, representative offices and overseas subsidiaries outside Japan.

## Compliance contacts

### Internal control and audit hotline

—A system designed for reporting questionable accounting or auditing matters—

**Reporting items:** Mizuho Financial Group has established a hotline to receive reports from in and outside the company in connection with problems concerning internal control and audits of accounts and financial reports.

**Contact point:** This hotline has been established within an external law office. Reports can be made via postal mail or email.

**Postal mail:** 12th Floor, Kasumigaseki Bldg.,  
Kasumigaseki 3-2-5, Chiyoda-ku, Tokyo  
100-6012  
Mizuho Accounting Hotline, c/o Daiichi  
Fuyo Law Office

**Email:** kaikei-mizuho@daiichifuyo.gr.jp

- When a report is received concerning the reporting items stipulated on the left, Mizuho Financial Group will make a reasonable effort to investigate the facts behind the information received and report back on the results.
- Anonymous tips are also acceptable, but there are cases where it will not be possible to fully satisfy the intentions behind such tips owing to constraints on investigations and the inability to report back.
- Information on persons making such reports is not disclosed to third parties other than the group companies except in cases where the assent of the person in question has been obtained or such disclosure is required under laws and ordinances.

### Approaches to financial alternative dispute resolution (ADR)

In order to deal expeditiously, fairly, and appropriately with complaints and other feedback from customers, Mizuho Bank and Mizuho Trust & Banking have concluded a contract for the implementation of dispute resolution procedures with the Japanese Bankers Association, which is a designated dispute resolution institution as defined in Japan's Banking Act. Mizuho Trust & Banking has also concluded a contract for the implementation of dispute resolution procedures with the Trust Companies Association of Japan, which is a designated dispute resolution institution as defined in Japan's Trust Business Act and Act on Concurrent Operation of Trust Business by Financial Institutions.

The designated dispute resolution institution takes the steps toward resolution from a fair and neutral perspective in cases where the solutions to customers' complaints adopted by the two banks are not accepted.

[The designated dispute resolution institution as defined in Japan's Banking Act which Mizuho Bank and Mizuho Trust & Banking have contracted](#)

**The Designated Dispute Resolution Institution:**

Japanese Bankers Association

**Contact:** Advisory Center of Japanese Bankers Association

**Tel:** +81-(0)3-5252-3772

[The designated dispute resolution institution as defined in Japan's Trust Business Act and Act on Concurrent Operation of Trust Business by Financial Institutions which Mizuho Trust & Banking has contracted](#)

**The Designated Dispute Resolution Institution:**

Trust Companies Association of Japan

**Contact:** Trust Consultation Center of the Trust Companies Association of Japan

**Tel:** +81-(0)3-6206-3988

## Support for SMEs and regional revitalization

### Support for small and medium-sized enterprises (SMEs)

Mizuho provides information to clients which is relevant to their particular needs and challenges at each stage in their development, and we propose solutions and provide support for the implementation of these solutions.

By drawing on our consulting capabilities to provide proposals and solutions that address the issues SMEs face, we ensure that clients' perspectives are prioritized when providing support for business expansion, succession, reorganization, and other client needs. We also believe that proactively supporting SMEs is a key part of fulfilling our social responsibility as a financial institution.

In particular, by providing consulting and support for SMEs' growth strategies, we can introduce clients to potential M&A opportunities from the standpoint of business expansion and succession, and

support the growth of innovative companies with exceptional technologies or ideas.

Furthermore, a specialized business reorganization section within the Head Office provides support for SMEs' business improvement and reorganization needs. In addition, our Head Office collaborates with frontline offices to provide consultations and support for clients through partnerships with external organizations, external specialists, and other financial institutions.

### Regional revitalization initiatives

In Japan, as a result of the trend toward concentration of businesses and other economic activity solely in Tokyo, rural populations are expected to decline and regional economies are expected to shrink in the future. As a nation, Japan must look for ways to revitalize regional areas through a virtuous cycle in which jobs draw people back to local areas and population growth creates more jobs.

Utilizing our office network in Japan, we are striving to promote the revitalization of regional economies by providing our clients with funding, supporting the operations of local businesses, and collaborating with regional governments.

### Case example

#### Business reorganization using an RCC



We believe that we can contribute to the healthy development of regional economies and securing jobs through assisting businesses to reorganize. In fiscal 2017, for the first time we assisted a client with voluntary liquidation using a resolution and collection corporation (RCC).

In voluntary liquidations, fairness with and transparency to the many claimants, including regional financial institutions, should be maintained, while prompt responses are also required. Building on Mizuho's expertise in business reorganization and the trust we have earned in regional areas, we will continue to assist clients with business reorganization to help revitalize regional economies.

### Finance facilitation and response to the Guidelines for Personal Guarantee Provided by Business Owners

#### ■ Finance facilitation

Mizuho works to promote finance facilitation in accordance with group-wide fundamental policies. This includes ensuring that we respond appropriately to requests for new loans or loan condition adjustments, and provide tailored consulting.

#### ■ Guidelines for Personal Guarantee Provided by Business Owners

We are committed to establishing and maintaining good relationships with our clients in line with the Guidelines for Personal Guarantee Provided by Business Owners established by the Japanese Bankers Association and the Japan Chamber of Commerce and Industry.

We provide the option for a joint guarantee with a termination clause and other alternative lending methods allowing for a personal guarantee provided by business owners. Also, we have established a structure for cooperation between our frontline offices and Head Office to encourage the utilization of these methods.



# Internal audit structure

## Basic approach

Internal audits are designed as an integrated process, independent from other business operations, for evaluating the extent to which internal control achieves its objectives in key areas, including appropriate risk management; efficient and effective business operations; reliable financial reporting; and compliance with laws, regulations, and internal rules. We conduct internal audits from an objective and comprehensive standpoint, independent of operational reporting lines, and offer advice and remedial recommendations in connection with any problems that may be identified. Through this process, internal audits assist the Boards of Directors of each of our

group companies to fulfill their managerial duties efficiently and effectively.

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

## Internal audit management structure

### Mizuho Financial Group

Our Internal Audit Committee, which determines all important matters concerning internal audits, is chaired by the President & Group CEO and is independent of our other business operations. The Committee monitors and manages internal audits at our core group companies based on internal audit reports submitted by the companies.

Our Internal Audit Committee discusses and makes decisions regarding internal audits at our core group companies and submits these decisions, together with the results of their examination of the internal audit reports, to the Audit Committee and our Board of Directors.

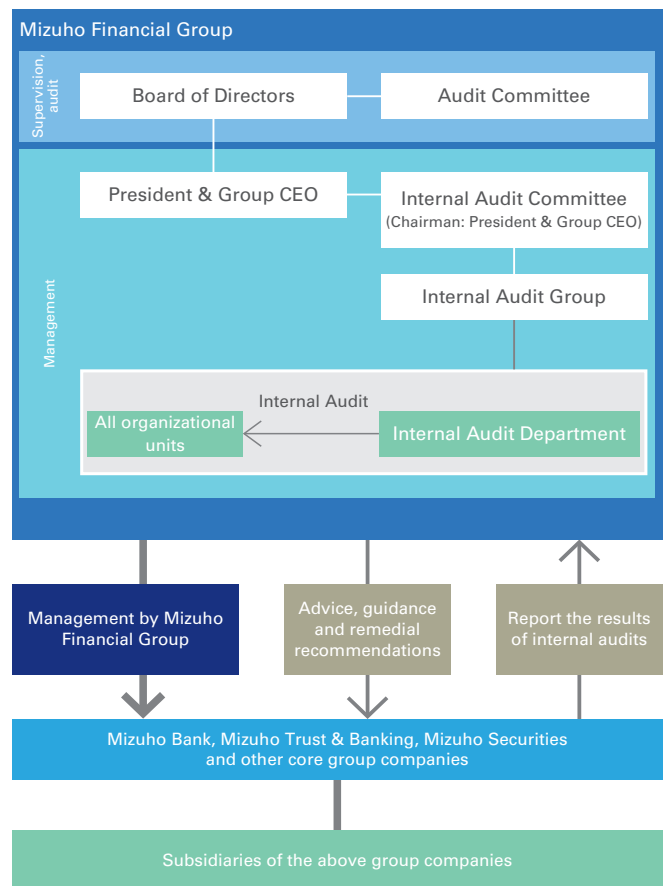
### Mizuho Bank and Mizuho Trust & Banking

Mizuho Bank and Mizuho Trust & Banking have also established Internal Audit Committees that are independent of their other business operations. The two banks have established internal audit departments to conduct internal audits at their respective domestic and overseas offices, head office departments, and group companies. Specifically, we assess the suitability and effectiveness of business activities associated with compliance and risk management.

### Other core group companies

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

### Internal audit management structure



(As of June 22, 2018)

# Risk management structure

## Credit risk management

### ■ Basic approach

We define credit risk as the group's exposure to the risk of losses that may be incurred due to a decline in, or total loss of, the value of assets (including off-balance-sheet instruments), as a result of deterioration in obligors' financial position. We have established the methods and structures necessary for grasping and managing credit risk.

### ■ Credit risk management structure

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

Our principal banking subsidiaries and other core group companies manage their credit risk according to the scale and nature of their exposures in line with basic policies set forth by Mizuho Financial Group. The Board of Directors of each company determines key matters pertaining to credit risk management.

### ■ Method of credit risk management

We have adopted two different but mutually complementary approaches to credit risk management. The first approach is "individual credit management," in which we manage the process for each individual transaction and individual obligor from execution until collection, based on our assessment of the credit quality of the

### Individual credit management

#### 1. Credit code

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

Mizuho Financial Group manages credit risk for the Group as a whole. Specifically, Mizuho Financial Group establishes the group's fundamental credit risk policy to manage major group companies, and monitors and manages the credit risks of the group as a whole.

The Balance Sheet & Risk Management Committee and the Credit Committee, each of which is a Business Policy Committee of our principal banking subsidiaries, are responsible for discussing and coordinating overall management of their individual credit portfolios and transaction policies towards obligors. The respective Chief Risk Officers of our principal banking subsidiaries are responsible for matters relating to planning and implementing credit risk management. The credit risk management departments of our principal banking subsidiaries are in charge of planning and administering credit risk management and conducting credit risk measuring and monitoring. The departments regularly present reports regarding their risk management situation to Mizuho Financial Group. The credit departments of our principal banking subsidiaries determine policies and approve/disapprove individual transactions in terms of credit review, credit management and collection from obligors in accordance with the lines of authority set forth respectively by our principal banking subsidiaries. In addition, our principal banking subsidiaries have established internal audit groups that are independent of the business departments in order to ensure appropriate credit risk management.

client. Through this process, we curb losses in the case of a credit event. The second is "credit portfolio management," in which we utilize statistical methods to assess the potential for losses related to credit risk. Through this process, we identify credit risks and respond appropriately.

#### 2. Internal rating system

One of the most important elements of the risk management infrastructure of our principal banking subsidiaries is the use of an internal rating system that consists of credit ratings and pool allocations. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings which represent the possibility of ultimately incurring losses related to each individual claim by taking into consideration the nature of any collateral or guarantee and the seniority of the claim. In principle, obligor ratings apply to all obligors and are subject to regular reviews at least once a year to reflect promptly the fiscal period end financial results of the obligors, as well as special reviews as required whenever an obligor's credit standing changes. This enables our principal banking subsidiaries to monitor both individual

obligors and the status of the overall portfolio in a timely fashion. Because we consider obligor ratings to be an initial phase of the self-assessment process regarding the quality of our loans and off-balance-sheet instruments, such obligor ratings are closely linked to the obligor classifications and are an integral part of the process for determining the provision for loan losses and charge-offs in our self-assessment of loans and off-balance-sheet instruments. (Please refer to the chart below regarding the connection between obligor ratings, definition of obligor classifications of self-assessments, claims disclosed under the FRA and non-accrual, and past due & restructured loans).

To assign obligor ratings, we have a quantitative evaluation system (rating model) in place to enable proper assessment of an obligor's credit standing. The system gives a quantitative rating to an obligor

based on obligor specific characteristics such as type of business (corporation or individual) and geography (in Japan or outside Japan). We categorize our rating models for companies in Japan into those for large companies and those for small and medium-sized companies. The former consist of 13 models according to industry-specific factors, while the latter consist of three models. For companies outside Japan, we utilize nine models.

These were developed by the Credit Risk Management Department based on a statistical methodology and approved by the Chief Risk Officer.

Pool allocations are applied to small claims that are less than a specified amount by pooling obligors and claims with similar risk characteristics and assessing and managing the risk for each such

**Connection between obligor ratings, definition of obligor classifications of self-assessments, claims disclosed under the FRA and non-accrual, past due & restructured loans**

Definition of obligor classifications of self-assessment	Obligor ratings (major category)	Definition of ratings	Category I (non-categorized)	Category II	Category III	Category IV (non-collateralized)	Claims disclosed under the FRA	Non-accrual, past due & restructured loans
Normal obligors	A1–A3	Obligors whose certainty of debt fulfillment is very high, hence their level of credit risk is excellent.	All credit given to normal obligors.				Normal claims	
	B1–B2	Obligors whose certainty of debt fulfillment poses no problems for the foreseeable future, hence their level of credit risk is sufficient.						
	C1–C3	Obligors whose certainty of debt fulfillment and their level of credit risk pose no problems for the foreseeable future.						
	D1–D3	Obligors whose current certainty of debt fulfillment poses no problems, however, their resistance to future environmental changes is low.						
Watch obligors	E1	Obligors who require close watching going forward because there are problems with their borrowings, such as reduced or suspended interest payments, problems with fulfillment such as de facto postponements of principal or interest payments, or problems with their financial positions as a result of their poor or unstable business conditions.		Credit given to watch obligors other than those included in category I.			Claims for special attention	Restructured loans Loans past due for 3 months or more
	E2							
Intensive control obligors	F1	Obligors who are not yet bankrupt but are in financial difficulties and are deemed to be very likely to go bankrupt in the future because they are finding it difficult to make progress in implementing their management improvement plans (including obligors who are receiving ongoing support from financial institutions).	Credit to obligors which has pledged collateral or is covered by guarantees, considered of high quality, such as deposit collateral.		Credit given to intensive control obligors other than those included in category I and category II.		Claims with collection risk	Non-accrual delinquent loans
Substantially bankrupt obligors	G1	Obligors who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious financial difficulties and are not deemed to be capable of restructuring.		Credit to obligors which is covered by general collateral, such as real estate and guarantees.	The difference between the assessed value and market value of collateral on credit to bankrupt and substantially bankrupt obligors (i.e., the portion of loans for which final collection problems or losses are anticipated).	Credit to bankrupt and substantially bankrupt obligors, other than those in category I, category II and category III (credit that is judged to be unrecoverable or without value).	Claims against bankrupt and substantially bankrupt obligors, and equivalent	
Bankrupt obligors	H1	Obligors who have already gone bankrupt, from both a legal and/or formal perspective.						Loans to bankrupt obligors

pool. Our principal banking subsidiaries efficiently manage credit risk and credit screening by dispersing a sufficient number of small claims within each pool. Our principal banking subsidiaries generally review the appropriateness and effectiveness of our approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures, which is audited by the Internal Audit Group.

Mizuho Financial Group defines a restructured loan as a loan

extended to watch obligors when the following conditions are met: we are aiming for business reconstruction or financial support; and lending conditions were amended favorably to the client such as allowing interest rate reduction, postponement of principal repayment/interest payment, debt forgiveness, etc.

An overdue loan is defined as a loan for watch obligors of which the loan principal or interest is overdue for three months or more following the contractual payment date.

### ■ Methods for reserves and write-offs

<b>Normal obligors</b>	Calculate the value of estimated loss based on the probability of failure over the coming year for loans by obligor rating and appropriate it for the General reserve for possible losses on loans.
<b>Watch obligors</b>	Calculate the estimated loss on loans based on the probability of failure over the next three years and appropriate it for the general reserve for possible losses on loans. Further, in regard to special attention obligors, for obligors with large claims more than a certain amount, if the cash flow from the return of principal and interest payments can reasonably be estimated, set up a reserve under the DCF method.
<b>Intensive control obligors</b>	Provide an amount for specific reserve for possible losses on loans as calculated by one of the following methods after deducting amounts anticipated to be recoverable from the sale of collateral held against the claims and from guarantors of the claims: a) an amount calculated based on the overall ability of the obligor to pay, or b) the estimated loss calculated on the basis of the balance and the probability of failure over the next three years.  Further, for obligors with large claims more than a certain amount, if the cash flow from the return of principal and interest payments can reasonably be estimated, set up a reserve under the DCF method.
<b>Substantially bankrupt obligors</b>	Provide the entire balance after deducting amounts anticipated to be recoverable from the sale of collateral held against the claims and from guarantors of the claims for specific reserve for possible losses on loans, or write-off the entire balance.
<b>Bankrupt obligors</b>	

#### 3. Self-assessment, provision for loan losses and off-balance-sheet instruments, and write-offs

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

#### 4. Credit review

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

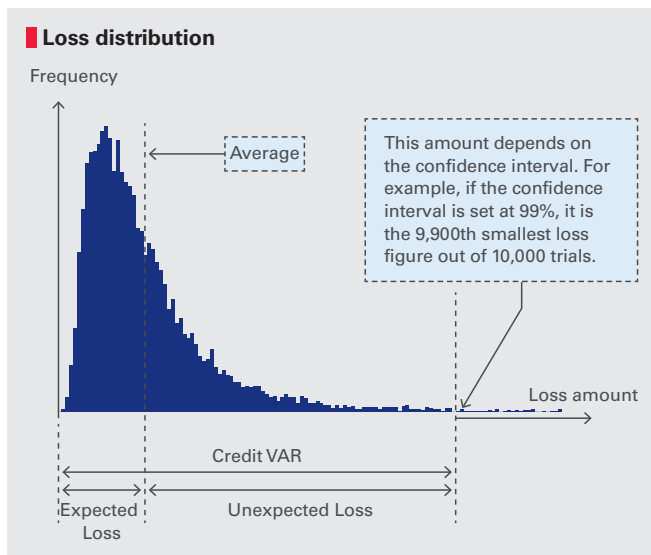
### Credit portfolio management

#### 1. Risk measurement

We use statistical methodologies that involve a risk measurement system (enterprise value corporate valuation model, holding period of one year) to manage the possibility of losses by measuring the expected average loss for a one-year risk horizon (“Expected Loss”) and the maximum loss within a certain confidence interval (“Credit VAR”). The difference between Expected Loss and Credit VAR is measured as the credit risk amount (“Unexpected Loss”). The risk measurement system covers the following account items reported by each Mizuho Financial Group company: credit transactions including loans and discounts; securities; clients’ liabilities for acceptances and

guarantees; deposits and foreign exchange; derivatives including swaps and options; off-balance sheet items including commitments; and other assets involving credit risk.

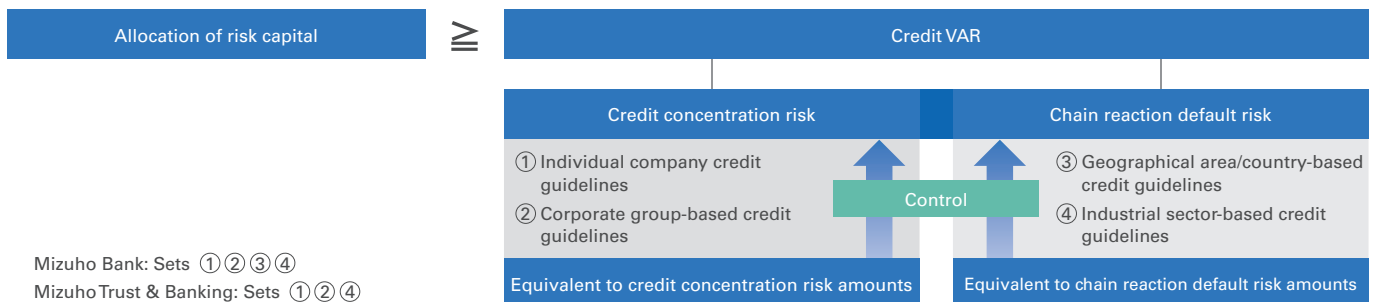
In establishing transaction spread guidelines for credit transactions, we aim to ensure an appropriate return from the transaction in light of the level of risk by utilizing credit cost data as a reference. Also, we monitor our credit portfolio from various perspectives and set guidelines noted below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



#### 2. Risk control methods

Our principal banking subsidiaries recognize two types of risk arising from allowing Unexpected Loss to become too large. One type is “credit concentration risk,” which stems from granting excessive credit to certain individual counterparties or corporate groups. The other type is “chain-reaction default risk,” which arises from granting excessive credit to certain areas, industrial sectors, and other groupings. Our principal banking subsidiaries manage these risks in line with our specific guidelines for each. (Please refer to the chart below regarding the allocation of risk capital and control of credit risk). Our principal banking subsidiaries also set the credit limit based on verification of status of capital adequacy. In cases where the limit is exceeded, our principal banking subsidiaries will formulate a handling policy and/or action plan. In addition to the above, our principal banking subsidiaries monitor total credit exposure, credit exposure per rating, credit concentration per individual company, corporate group, geography, country, and business sector to make a periodical report to the Balance Sheet & Risk Management Committee and the Credit Committee.

### Allocation of risk capital and control of credit risk



## Market risk management

### ■ Basic approach

We define market risk as the risk of losses incurred by the group due to fluctuations in interest rates, stock prices, and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual.

### ■ Market risk management structure

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

The Risk Management Department of Mizuho Financial Group is responsible for monitoring market risk, reporting and analysing, making proposals, setting limits and guidelines, and formulating and implementing plans relating to market risk management.

### ■ Market risk management method

To manage market risk, we set limits that correspond to risk capital allocations according to the risk profile of each of our principal banking subsidiaries and other core group companies and thereby prevent the overall market risk we hold from exceeding our financial

### Setting limits

When the above mentioned limits are set, various factors are taken into account, including business strategies, historical limit usage ratios, risk-bearing capacity (profits, equity capital, and risk management framework), profit targets and the market liquidity of the products involved. The limits are discussed and coordinated by the Risk Management Committee, discussed further by the Executive Management Committee and then determined by the President & Group CEO. For trading and banking activities, we set limits for VAR and for losses. For banking activities, we set position limits based on interest rate sensitivity (10 BPV) as needed. An excess over any of these limits is immediately reported and addressed according to a pre-determined procedure.

Mizuho Financial Group manages market risk for the Mizuho group as a whole. Specifically, Mizuho Financial Group establishes the fundamental risk management policy for the entire group, manages the market risk of our principal banking subsidiaries and other core group companies, and monitors how the group's market risk is being managed as a whole.

As for the situation of market risk, the Risk Management Department submits reports to the President and Group CEO on a daily basis and to the Board of Directors on a regular basis. For the purpose of managing the market risk of our principal banking subsidiaries and other core group companies, the Department regularly receives reports from each of them to properly identify and manage their market risk. These subsidiaries and core group companies, which account for most of the Mizuho group's exposure to market risk, establish their basic policies based on ours, and their Boards of Directors determine important matters relating to market risk management.

strength represented by capital and other indicators. The amount of risk capital allocated to market risk corresponds to value-at-risk (the "VAR") and additional costs that may arise in order to close relevant positions.

### Monitoring

To provide a system of mutual checks and balances in market operations, we have established middle offices specializing in risk management that are independent of front offices which engage in market transactions and of back offices which are responsible for book entries and settlements. When VAR is not adequate to control risk, the middle offices manage risk using additional risk indices, carry out stress testing, and set stop loss limits as needed. We monitor market liquidity risk for individual financial products in the market while taking turnover and other factors into consideration.

## ■ Status of Mizuho Financial Group's market risk

### Value-at-risk

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

### Trading activities

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

- historical simulation method;
- confidence interval: one-tailed 99.0%;
- holding period of one day; and
- historical observation period of three years.

The following tables show the VAR related to our trading activities by risk category for the fiscal years ended March 31, 2016, 2017, and 2018 and as of March 31, 2016, 2017, and 2018:

### ■ VAR by risk category (trading activities)

(¥ billion)

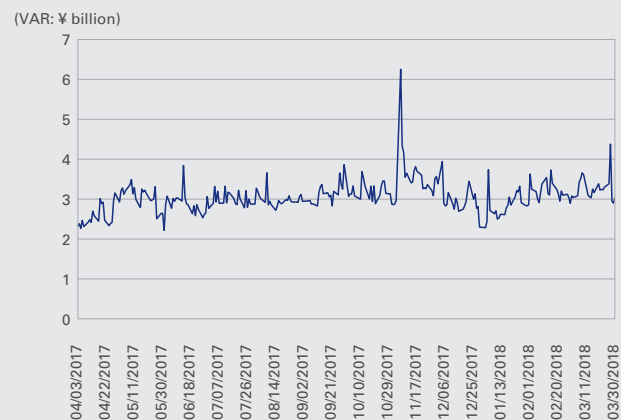
	Fiscal 2015			
	Daily average	Maximum	Minimum	At March 31
Interest rate	1.8	3.7	0.6	1.1
Foreign exchange	0.9	2.3	0.2	0.3
Equities	0.6	2.5	0.1	0.3
Commodities	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2.9</b>	<b>4.5</b>	<b>1.8</b>	<b>2.0</b>

	Fiscal 2016			
	Daily average	Maximum	Minimum	At March 31
Interest rate	2.0	3.6	1.0	1.0
Foreign exchange	0.5	1.6	0.1	0.1
Equities	0.4	3.2	0.1	0.9
Commodities	0.0	0.0	0.0	0.0
<b>Total</b>	<b>3.3</b>	<b>5.8</b>	<b>2.3</b>	<b>2.6</b>

	Fiscal 2017			
	Daily average	Maximum	Minimum	At March 31
Interest rate	1.7	2.5	1.0	2.2
Foreign exchange	0.4	1.2	0.1	0.1
Equities	0.6	2.4	0.3	0.5
Commodities	0.0	0.0	0.0	0.0
<b>Total</b>	<b>3.0</b>	<b>6.2</b>	<b>2.2</b>	<b>3.0</b>

The following graph shows VAR figures of our trading activities for the fiscal year ended March 31, 2018:

### ■ Fiscal 2017 VAR (trading activities)



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

### ■ VAR (trading activities)

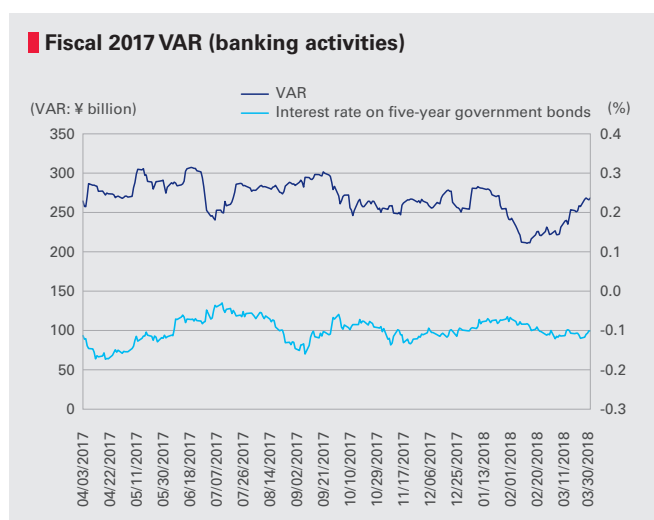
(¥ billion)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Change
As of fiscal year end	2.0	2.6	3.0	0.4
Maximum	4.5	5.8	6.2	0.3
Minimum	1.8	2.3	2.2	(0.1)
Average	2.9	3.3	3.0	(0.3)

### Non-trading activities

The VAR related to our banking activities is based on the same conditions as those of trading activities, but the holding period is one month. In addition, as for risk management of banking activities, it is important to properly measure interest rate risk so that we calculate interest risk using appropriate methods such as recognizing demand deposits as “core deposits.”

The following graph shows the VAR related to our banking activities excluding our cross-shareholdings portfolio for the year ended March 31, 2018:



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

<b>VAR (banking activities)</b>		(¥ billion)		
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Change
As of fiscal year end	321.5	292.7	268.4	(24.3)
Maximum	360.6	397.5	307.2	(90.2)
Minimum	190.0	247.4	210.8	(36.6)
Average	284.9	331.0	267.8	(63.2)

### Characteristics of VAR model

VAR is a commonly used market risk management technique.

However, VAR models have the following shortcomings:

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

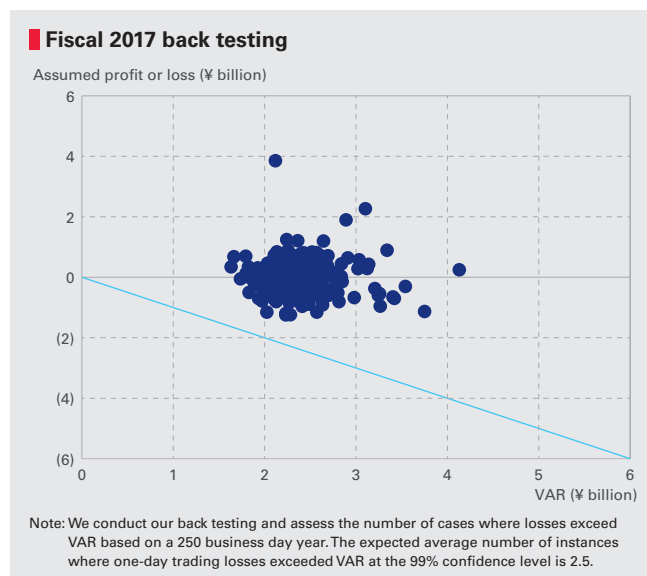
- VAR does not capture all complex effects of various risk factors on the value of positions and portfolios and could underestimate potential losses.

### Cross-shareholdings portfolio management activities

We take the market risk management approach with use of VAR and risk indices for cross-shareholdings portfolio management activities to properly manage stock price risk. Specifically, we monitor VAR measurements and the state of risk capital on a daily basis. Moreover, in order to control stock price risk, we are working on the reduction in cross-shareholdings through careful negotiations with counterparties.

### Back testing

In order to evaluate the effectiveness of market risk measurements calculated using the VAR method, we carry out regular back tests to compare VAR with assumptive profits and losses. Assumptive profits and losses accounts for general market risk. The graph below shows daily VAR of trading activities for the fiscal year ended March 31, 2018 and the corresponding paired distribution of profits and losses. We had zero case where losses exceeded VAR during the period. In addition, we conduct evaluations of the assumptions related to the VAR models. Based on the number of times losses exceeded VAR through back testing and the results of the evaluation of the model assumptions, we will make adjustments to the models as appropriate. Changes to fundamental portions of the VAR models are subject to the approval of our Group Chief Risk Officer.



### Stress testing

Because the VAR method is based on statistical assumptions, we conduct stress testing to simulate the levels of losses that could be incurred in cases where the market moves suddenly to levels that exceed these assumptions. The stress testing methods we use include the calculation of losses under scenarios in which stresses are applied to interest rate risk and stock price risk based on current and projected economic conditions, historical market events, etc.



## Liquidity risk management

### ■ Basic approach

We define liquidity risk as the risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual. Mizuho Financial Group manages liquidity risk for the Mizuho group

### ■ Liquidity risk management structure

Our Board of Directors determines basic matters pertaining to liquidity risk management policies. The Risk Management Committee of Mizuho Financial Group broadly discusses and coordinates matters relating to basic policies in connection with liquidity risk management, operations, and monitoring, and proposes responses to emergencies such as sudden market changes. The Group Chief Risk Officer of Mizuho Financial Group is responsible for matters relating to liquidity risk management planning and operations. The Risk Management Department of Mizuho Financial Group is responsible for monitoring liquidity risk, reporting and analysing, making proposals, and formulating and implementing plans relating to liquidity risk management. In addition, the Group Chief Financial Officer of Mizuho Financial Group is additionally responsible for

### ■ Liquidity risk management method

We manage liquidity risk with the use of “liquidity risk management indicators” and “liquidity categorization.” The former is determined for the purpose of managing limits on funds raised in the market considering our fund raising capabilities, and the latter is determined based on our funding conditions. We also carry out liquidity stress

### Liquidity risk management indicators

Limits on funds raised in the market are set based on a number of time horizons taking into account characteristics and strategies of each of our principal banking subsidiaries and other core group companies. Such limits are discussed and coordinated by the Risk Management Committee, discussed further by the Executive Management Committee, and determined by the President & Group CEO. An excess over any of these limits is immediately reported and addressed according to a pre-determined procedure.

### Liquidity categorization

We have established a group-wide framework of liquidity risk stages such as “normal,” “anxious” and “crisis,” which reflects funding conditions. In addition, we set early warning indicators (“EWIs”) and monitor on a daily basis to manage funding conditions. The EWIs we use include stock prices, credit ratings, amount of liquidity reserve assets such as Japanese government bonds, and our funding situation.

as a whole. Specifically, Mizuho Financial Group establishes the fundamental liquidity risk management policy for the entire group, manages the liquidity risk of our principal banking subsidiaries and other core group companies, and monitors how the group’s liquidity risk is being managed as a whole.

matters relating to planning and running cash flow management operations, and the Financial Planning Department is responsible for monitoring and adjusting the cash flow management situation and for planning and implementing cash flow management to maintain appropriate funding liquidity. Reports on liquidity risk management are submitted to the Risk Management Committee and the Balance Sheet Management Committee (each of which is a business policy committee), the Executive Management Committee and the President & Group CEO on a regular basis.

Our principal banking subsidiaries and other core group companies also establish their basic policies on liquidity risk management to properly identify and manage liquidity risk.

testing to verify the sufficiency of liquidity reserve assets and the effectiveness of countermeasures against a possible outflow of funds during a stress event. The results of stress testing are used for cash flow management operations.

### Liquidity stress testing

We carry out stress testing regularly based on market-wide factors, idiosyncratic factors of the group, and a combination of both types of factors to verify the sufficiency of liquidity reserve assets and the effectiveness of our liquidity contingency funding plans. Furthermore, we utilize stress testing for evaluating the appropriateness of our annual funding plan.

## Operational risk management

### Basic approach

We define operational risk as the risk of losses that may be incurred resulting from inadequate or failed internal processes or systems, human error, or external events. We control operational risk management for the Mizuho group as a whole. Considering that operational risk includes information technology risk, operations risk, legal risk, human capital risk, tangible asset risk, regulatory risk, and

reputational risk, we have separately determined the fundamental risk management policies for these different types of risk. We manage the operational risk associated with our principal banking subsidiaries and other core group companies while monitoring the state of group-wide operational risk.

	Definition	Principal risk management methods
Information technology risk	Information technology risk ("IT risk") shall refer to the risk that problems (e.g. malfunctions, disruptions, etc.) with the computer systems or improper use of the computers in these systems, which cause disruptions of the services provided to customers, or have significant impact on settlement systems, etc., will result in losses for customers, and the incurrence of losses (tangible or intangible) by our group companies.	<ul style="list-style-type: none"> <li>• Identify and evaluate the risk by setting specific standards that need to be complied with and implementing measures tailored based on evaluation results to reduce the risk.</li> <li>• Ensure ongoing project management in systems development and quality control.</li> <li>• Strengthen security to prevent information leaks.</li> <li>• Strengthen capabilities for rapidly and effectively dealing with cyberattacks.</li> <li>• Improve effectiveness of emergency responses by improving backup systems and holding drills.</li> </ul>
Operations risk	Risk that customers may suffer service disruptions, as well as the risk that customers or the group may incur losses because senior executives or employees fail to fulfill their tasks properly, cause accidents or, otherwise act improperly.	<ul style="list-style-type: none"> <li>• Establish clearly defined procedures for handling operations.</li> <li>• Periodically check the status of operational processes.</li> <li>• Conduct training and development programs led by Head Office.</li> <li>• Introduce information technology, office automation, and centralization for operations.</li> <li>• Improve the effectiveness of emergency responses by holding drills.</li> </ul>
Legal risk	Risk that the group may incur losses due to violation of laws and regulations, breach of contract, entering into improper contracts or, other legal factors.	<ul style="list-style-type: none"> <li>• Review and confirm legal issues, including the legality of material decisions, agreements and external documents, etc.</li> <li>• Collect and distribute legal information and conduct internal training programs.</li> <li>• Analyze and manage issues related to lawsuits.</li> </ul>
Human capital risk	Risk that the group may incur losses due to turnover or loss of personnel, deterioration of morale, inadequate development of personnel, inappropriate working schedules, inappropriate working and safety environment, inequality or inequity in human resource management, or discriminatory conduct.	<ul style="list-style-type: none"> <li>• Conduct employee satisfaction surveys.</li> <li>• Understand the status of working hours.</li> <li>• Understand the status of vacation days taken by personnel.</li> <li>• Understand the status of voluntary resignations.</li> <li>• Understand the status of the stress check system.</li> </ul>
Tangible asset risk	Risk that the group may incur losses from damage to tangible assets or a decline in the quality of the working environment as a result of disasters, criminal actions, or defects in asset maintenance.	<ul style="list-style-type: none"> <li>• Manage the planning and implementation of construction projects related to the repair and replacement of facilities.</li> <li>• Identify and evaluate the status of damage to tangible assets caused by natural disasters or other causes, and respond appropriately to such damage.</li> </ul>
Regulatory risk	Risk that the group may incur losses due to changes in various regulations or systems, such as those related to law, taxation, and accounting.	<ul style="list-style-type: none"> <li>• Understand important changes in regulations or systems that have significant influence on our business operations or financial condition in a timely and accurate manner.</li> <li>• Analyze degree of influence of regulatory changes and establish countermeasures.</li> <li>• Continuously monitor our regulatory risk management mentioned above.</li> </ul>
Reputational risk	Risk that the group may incur losses due to damage to our credibility or the value of the "Mizuho" brand when market participants or others learn about, or the media reports on, various adverse events, including actual materialization of risks or false rumors.	<ul style="list-style-type: none"> <li>• Establish framework to identify and manage, on an integrated basis, information that may have a serious impact on group management and respond to such risk in a manner appropriate to its scale and nature.</li> <li>• Swiftly identify rumors and devise appropriate responses depending on the urgency and possible impact of the situation to minimize possible losses.</li> </ul>

We also recognize and manage information security risk and compliance risk, which constitute a combination of more than one of the above components, as operational risk.

### ■ Operational risk management structure

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

market risk, reporting and analysing, making proposals, setting limits and guidelines, and formulating and implementing plans relating to operational risk management.

Our principal banking subsidiaries and core group companies establish their basic policies on operational risk management, and their Boards of Directors determine important matters relating to operational risk management.

### ■ Operational risk management method

To manage operational risk, we set common rules for data gathering to develop various databases shared by the group and measure operational risk as operational VAR on a regular basis, taking into account possible future loss events and changes in the business environment and internal management.

We have established and are strengthening management methods and systems to appropriately identify, assess, measure, monitor, and control the operational risks that arise from the growing

sophistication and diversification of financial operations and developments relating to information technology by utilizing control self-assessments and improving measurement methods.

#### ● Control self-assessments

An autonomous method of risk management in which risk inherent in operations is identified and, after evaluating and monitoring risks that remain despite implementing risk control, the necessary measures are implemented to reduce risk.

### ■ Definition of risks and risk management methods

As shown in the table on the previous page, we have defined each component of operational risk, and we apply appropriate risk

management methods in accordance with the scale and nature of each risk.

### ■ Measurement of operational risk equivalent

#### 1. Implementation of the Advanced Measurement Approach (AMA)

We have adopted the AMA for the calculation of operational risk equivalent in association with capital adequacy ratios based on the Basel Accords. However, we use the Basic Indicator Approach for entities that are deemed to be less important in the measurement of operational risk equivalent. Entities within our group that use the AMA include the following: Mizuho Financial Group; Mizuho Bank, Ltd.; Mizuho Trust & Banking Co., Ltd.; Mizuho Securities; Mizuho Information & Research Institute, Inc.; Trust & Custody Services Bank, Ltd.; Mizuho Operation Service, Ltd.; Mizuho Credit Guarantee Co., Ltd.; Mizuho Business Service Co., Ltd.; Mizuho Trust Operations Co., Ltd.; Mizuho Trust Systems Co., Ltd.; Mizuho Trust Business Operations Co., Ltd.; Mizuho Trust Retail Support Co., Ltd.; Mizuho Bank Europe N.V.; and Mizuho International plc.

The measurement results under the AMA are used not only as the operational risk equivalent in the calculation of capital adequacy ratios but also as Operational VAR for internal risk management purposes for implementing action plans to reduce operational risk, and other countermeasures.

#### 2. Outline of the AMA

##### Outline of the measurement system

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

In the measurement of operational risk equivalent as of March 31, 2018, we did not exclude expected losses and also did not recognize the risk mitigating impact of insurance. In addition, we did not take into account the events related to credit risk in measuring operational risk equivalent.

**Outline of measurement model**

Operational risk equivalent is calculated as a simple sum of those risk amounts related to the seven loss event types defined in the Capital Adequacy Notice from Japan’s Financial Services Agency, large-scale natural disasters, and litigation. In the measurement of operational risk equivalent as of March 31, 2018, we did not reflect the correlation effects among operational risk related to each of the seven loss event types.

**Operational risk by loss event type**

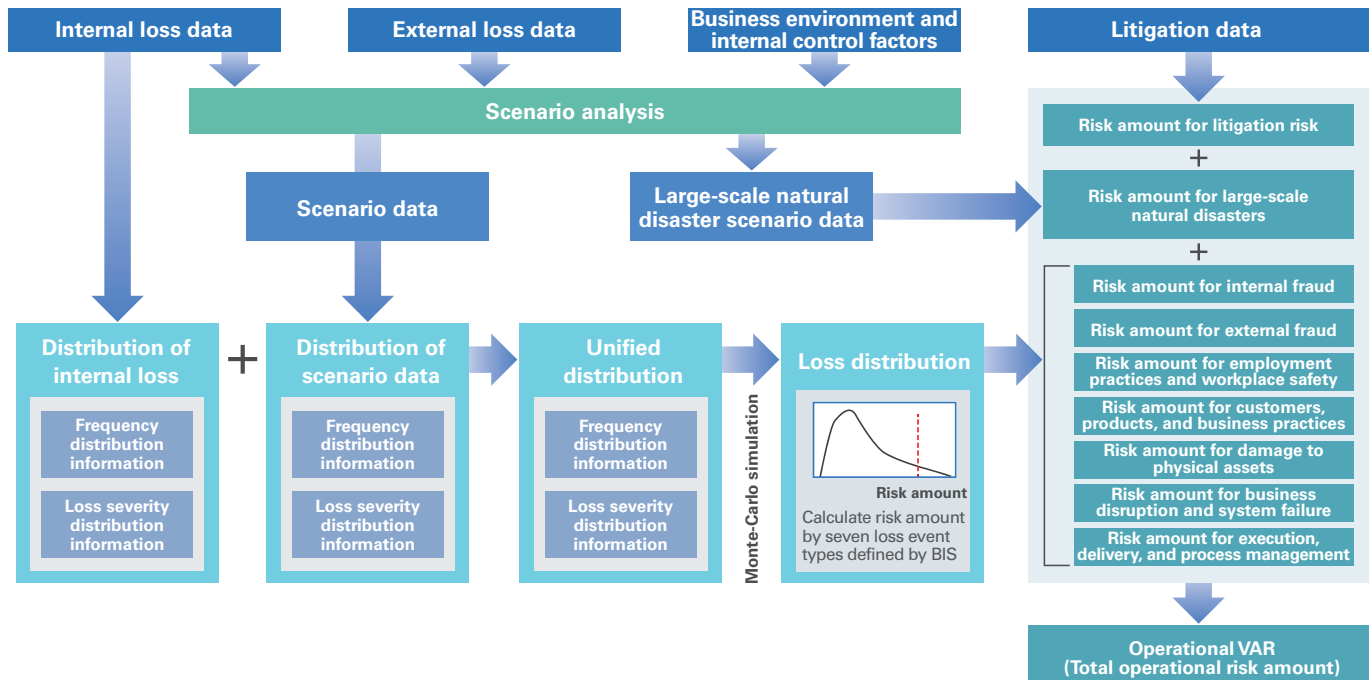
Loss Distribution (Compound Poisson Distribution) Approach (LDA) is adopted for the calculation of operational risk. LDA is based on the assumption that Poisson Distribution applies to the occurrence frequency of operational risk events, and loss severity is expressed through a separate distribution.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

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

**Estimation of Frequency Distribution and Loss Severity Distribution**

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

**Outline of measurement model**



**Operational risk of large-scale natural disasters**

Monte-Carlo simulation is applied to the datasets expressed as a combination of the probability of occurrence of large-scale natural disasters and the probable loss amount in case of such occurrence, as opposed to estimating Frequency Distribution and Loss Severity Distribution.

**Operational risk of litigation**

Each litigation is converted into data according to the profile of the individual litigation to which Monte-Carlo simulation is applied, as opposed to estimating Frequency Distribution and Loss Severity Distribution. In the measurement process, we assume that final decisions will be made on all litigation within one year.

**Verification**

We confirm the appropriateness of the measurement model by verifying it, in principle, semi-annually.

**3. Scenario analysis****Outline of scenario analysis**

In the process of scenario analysis, scenario data is created as numerical values of occurrence frequency and loss severity reflecting external loss data and BEICFs, in order to estimate unexperienced potential future operational risk events (of low frequency and high severity).

As for external loss data, we refer to data publicly reported by domestic and overseas media, and such data are reflected in the estimation of occurrence frequency and Loss Severity Distribution in the process of scenario analysis. In addition, BEICFs are utilized as indices to adjust occurrence frequency and Loss Severity Distribution in the process of scenario analysis.

We categorize scenario analysis into four approaches in accordance with the characteristics of each loss event type and risk management structures.

Approach	Loss event type(s) to be applied
A	Internal fraud / external fraud / clients, products, and business practices / execution, delivery, and process management
B	Employment practices and workplace safety
C	Damage to physical assets
D	Business disruption and system failure

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

**Setting units for scenario analysis**

In order to ensure completeness and sufficiency, we set units that are commonly applied across group entities that adopt AMA (the "Group Entities") by referencing and categorizing risk scenarios recognized through control self-assessment, internal loss data of the Group Entities, external loss data, etc. Then each of the Group Entities selects the unit on which scenario analysis is conducted from the units established on a group-wide basis in accordance with its business activities and operational risk profile.

**Estimation of occurrence frequency**

Basic occurrence frequency (once a year) is calculated for each scenario analysis unit. If a certain scenario analysis unit has relevant internal loss data of a pre-determined threshold amount or above, its basic occurrence frequency is calculated based on such data, and if not, the basic occurrence frequency (the occurrence frequency per year of losses at or above a pre-determined threshold) is calculated with reference to the situation of occurrence of internal loss data of less than the threshold amount and/or external loss data. The basic occurrence frequency is then adjusted within a pre-determined range for the purpose of reflecting the most recent BEICFs to determine the final occurrence frequency.

**Estimation of Loss Severity Distribution**

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

**Creation of scenario data**

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

**Example of scenario data**

	Final loss severity distribution					Total
	Severity range (¥ billion)					
	0.1	0.5	1	5	10	
Occurrence ratio (%)	40	30	15	10	5	100
Occurrence frequency (times)	0.4	0.3	0.15	0.1	0.05	1
	Final occurrence frequency					

(As of July 1, 2018)

## Business continuity management

In light of our social responsibility and the important role Mizuho plays within the social infrastructure as a financial institution, ensuring the continuity of financial settlement functions and the swift and efficient recovery of operations in the event of an emergency is one of our top priorities within the group.

To improve business continuity management practices across the group, we assess the potential impact of emergencies beforehand and formulate necessary countermeasures in order to minimize such impact, and to ensure the swift and efficient recovery of operations.

One of the ways in which we are working to achieve this is by establishing Crisis Management Offices within Mizuho Financial Group, Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities that are responsible for business continuity management and our responses in the event of emergency.

These offices function as a controller in the event of an emergency that may materially impact business management, by collecting and analyzing information, formulating countermeasures, and taking other necessary action. In addition, their role includes collecting and analyzing signs and indicators of a potential crisis, and reporting their findings promptly to management.

Particular focus is placed on strengthening our response to natural disasters, covering not only earthquakes and tsunamis but also volcanic eruptions, large-scale wind or water damage, and facilitating initial responses to acts of terrorism and riots. We also focus on responses to cyberattacks that have been occurring with increasing frequency around the world.

Also, to secure the effectiveness of our measures to deal with emergencies, group-wide practice drills and training sessions are conducted on an annual basis.

# Senior executives

## Mizuho Financial Group

### Members of the Board of Directors Executive officers as defined in the Companies Act

Tatsufumi Sakai

Member of the Board of Directors  
President & CEO  
(Representative Executive Officer)  
Group CEO

Takanori Nishiyama

Member of the Board of Directors  
Managing Executive Officer  
Head of Compliance Group (Group CCO)

Makoto Umemiya

Member of the Board of Directors  
Managing Executive Officer  
Head of Financial Control & Accounting Group (Group CFO)

Yasuyuki Shibata

Member of the Board of Directors  
Managing Executive Officer  
Head of Risk Management Group (Group CRO)

Hisashi Kikuchi

Member of the Board of Directors  
Managing Executive Officer  
Head of Strategic Planning Group (Group CSO)

Yasuhiro Sato

Member of the Board of Directors, Chairman

Ryusuke Aya

Member of the Board of Directors

Nobukatsu Funaki

Member of the Board of Directors

Tetsuo Seki

Member of the Board of Directors (Outside Director)

Takashi Kawamura

Member of the Board of Directors (Outside Director)

Tatsuo Kainaka

Member of the Board of Directors (Outside Director)

Hirotake Abe

Member of the Board of Directors (Outside Director)

Hiroko Ota

Member of the Board of Directors (Outside Director)

Izumi Kobayashi

Member of the Board of Directors (Outside Director)

Toshitsugu Okabe

Deputy President & Executive Officer  
(Representative Executive Officer)  
Head of Retail & Business Banking Company

Daisaku Abe

Deputy President & Executive Officer  
Head of IT & Systems Group (Group CIO) and Head  
of Operations Group (Group COO)

Junichi Kato

Senior Managing Executive Officer  
Head of Global Markets Company

Katsunobu Motohashi

Senior Managing Executive Officer  
Head of Asset Management Company

Akira Nakamura

Senior Managing Executive Officer  
Head of Corporate & Institutional Company

Seiji Imai

Senior Managing Executive Officer  
Head of Global Corporate Company

Tsutomu Nomura

Managing Executive Officer  
Head of Internal Audit Group (Group CA)

Motonori Wakabayashi

Managing Executive Officer  
Head of Research & Consulting Unit

Goji Fujishiro

Managing Executive Officer  
Head of Global Products Unit

Shuji Kojima

Managing Executive Officer  
Head of Human Resources Group (Group CHRO)

### Executive officers as defined in our internal regulations and specialist officers

Satoshi Miyazaki

Deputy President & Executive Officer  
In charge of Western Japan (Kinki, Chugoku, and  
Shikoku regions)

Takeshi Watanabe

Senior Managing Executive Officer  
In charge of Specific Duties

Daisuke Yamada

Senior Managing Executive Officer  
Chief Digital Innovation Officer

Teiji Teramoto

Senior Managing Executive Officer  
Head of the Americas

Haruki Nakamura

Managing Executive Officer  
Joint Head of IT & Systems Group

Koji Arita

Managing Executive Officer  
Joint Head of Operations Group

Shingo Asano

Managing Executive Officer  
In charge of Specific Business of Retail & Business Banking Company

Takahiko Yasuhara

Managing Executive Officer  
Head of East Asia

Koji Yonei

Managing Executive Officer  
Joint Head of IT & Systems Group and General  
Manager of IT & Systems Promotion Department

Masatoshi Yoshihara

Managing Executive Officer  
Deputy Head of Global Markets Company

Hisaaki Hirama

Managing Executive Officer  
Deputy Head of Internal Audit Group

Naoto Takahashi

Managing Executive Officer  
In charge of Specific Duties of Strategic Planning  
Group and General Manager of Next-Generation IT  
Systems Coordination Project Team

Hiroshi Nagamine

Managing Executive Officer  
Head of Europe, Middle East and Africa

Riki Shibata

Managing Executive Officer  
Deputy Head of Global Markets Company

Hidenobu Mukai

Managing Executive Officer  
In charge of Specific Business of Retail & Business Banking Company

Hidekatsu Take

Managing Executive Officer  
Head of Asia & Oceania excl. East Asia

Akihito Mochizuki

Managing Executive Officer  
In charge of Specific Duties of Strategic Planning Group

Kazuhiisa Sawa

Managing Executive Officer  
Deputy Head of Strategic Planning Group, Deputy  
Head of Financial Control & Accounting Group,  
Deputy Head of IT & Systems Group and Deputy  
Head of Operations Group

Toshio Sobue

Managing Executive Officer  
Deputy Head of Risk Management Group and Deputy  
Head of Compliance Group

Hiroaki Ehara

Managing Executive Officer  
Deputy Head of Human Resources Group and Deputy  
Head of Internal Audit Group

Yoshihito Bando

Managing Executive Officer  
Deputy Head of Asset Management Company

Masashi Hara

Managing Executive Officer  
Deputy Head of Global Products Unit

Keisuke Saito

Managing Executive Officer  
Deputy Head of Global Products Unit

Hiroshi Itabashi

Managing Executive Officer  
Deputy Head of Corporate & Institutional Company  
and Deputy Chief Digital Innovation Officer

Toshiro Egawa

Managing Executive Officer  
Deputy Head of Retail & Business Banking Company

Naoyuki Machinaga

Managing Executive Officer  
Deputy Head of Research & Consulting Unit

Masao Kanamaru

Managing Executive Officer  
Deputy Head of Global Corporate Company, Deputy  
Head of Global Markets Company and Deputy Head  
of Global Products Unit

Naofumi Fuke

Managing Executive Officer  
Deputy Head of Retail & Business Banking Company

Atsushi Takahashi

Managing Executive Officer  
Deputy Head of Global Markets Company

Toshio Hirota

Managing Executive Officer  
Deputy Head of Corporate & Institutional Company

Tatsuya Yamada

Managing Executive Officer  
Deputy Head of Financial Control & Accounting  
Group and Deputy Head of IT & Systems Group

Masaya Oishi

Managing Executive Officer  
Deputy Head of Asset Management Company

Taiji Kumagai

Managing Executive Officer  
Deputy Head of Compliance Group

Kenji Fujii

Managing Executive Officer  
Deputy Head of Research & Consulting Unit and  
Deputy Head of Risk Management Group

Hideyuki Kawashima

Managing Executive Officer  
Deputy Head of Internal Audit Group

Yuzo Kanamori

Managing Executive Officer  
Deputy Head of Global Corporate Company, Deputy  
Head of Global Products Unit, Deputy Head of  
Strategic Planning Group, Deputy Head of Operations  
Group and Deputy Chief Digital Innovation Officer

Yasuto Hamanishi

Managing Executive Officer  
Deputy Head of Global Corporate Company and  
Deputy Head of Global Products Unit

Kenji Tsujitsugu

Managing Executive Officer  
Deputy Head of Corporate & Institutional Company

Takafumi Mataka

Managing Executive Officer  
Deputy Head of Human Resources Group

Asashi Katou  
Executive Officer  
General Manager for IT & Systems Group

Eishi Shimizu  
Executive Officer  
General Manager of Channel Strategy Department

Bo Kusanagi  
Executive Officer  
General Manager of Asset Management Coordination Department

Hiroyuki Iijima  
Executive Officer  
General Manager of Retail & Business Banking  
Coordination Department

Masaomi Takada  
Executive Officer  
General Manager of Executive Secretariat

Shinya Uda  
Executive Officer  
General Manager of Global Talent Planning and  
Management Department

Masahiro Kosugi  
Executive Officer  
General Manager of Accounting Department

Masahiko Kato  
Specialist Officer  
General Manager for IT & Systems Group

Yasumasa Mukai  
Specialist Officer  
General Manager for IT & Systems Group

## Mizuho Bank

### Members of the Board of Directors

Nobuhide Hayashi  
Chairman

Koji Fujiwara\*  
President & CEO (Representative Director)

Satoshi Miyazaki\*  
Deputy President (Representative Director)  
In charge of Western Japan (Kinki, Chugoku, and  
Shikoku regions)

Kiyoshi Miyake\*  
Deputy President (Representative Director)  
Head of Business Promotion

Shusaku Tsuhara\*  
Deputy President (Representative Director)  
Head of Business Promotion

Takanori Nishiyama\*  
Executive Managing Director  
Head of Compliance Group

Makoto Umemiya\*  
Executive Managing Director  
Head of Financial Control & Accounting Group

Yasuyuki Shibata\*  
Executive Managing Director  
Head of Risk Management Group

Hisashi Kikuchi\*  
Executive Managing Director  
Head of Strategic Planning Group

Tatsufumi Sakai  
Member of the Board of Directors

Masayuki Yonetani  
Member of the Board of Directors (Audit &  
Supervisory Committee Member)

Koji Nishiwaki  
Member of the Board of Directors (Audit &  
Supervisory Committee Member)

Kazutoshi Narita  
Member of the Board of Directors (Audit &  
Supervisory Committee Member)

Yukio Machida  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

Shigeo Ohara  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

Toshio Kinoshita  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

Seiji Koga  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

### Executive officers (Head of each region outside Japan)

Teiji Teramoto  
Senior Managing Executive Officer  
Head of the Americas

Takahiko Yasuhara  
Managing Executive Officer  
Head of East Asia

Hiroshi Nagamine  
Managing Executive Officer  
Head of Europe, Middle East and Africa

Hidekatsu Take  
Managing Executive Officer  
Head of Asia & Oceania excl. East Asia

## Mizuho Trust & Banking

### Members of the Board of Directors

Takeo Nakano  
Chairman

Tetsuo Iimori\*  
President & CEO (Representative Director)

Kazuhisa Sawa\*  
Deputy President (Representative Director)  
Head of Strategic Planning, Financial Control &  
Accounting Group, Head of IT & Systems Group, Head  
of Operations Group and In charge of Executive Secretariat

Toshio Sobue\*  
Executive Managing Director  
Head of Risk Management Group and Head of  
Compliance Group

Hiroaki Ehara\*  
Executive Managing Director  
Head of Human Resources Group and Head of Internal Audit Group

Tatsufumi Sakai  
Member of the Board of Directors

Masaru Ono  
Member of the Board of Directors (Outside Director)

Eiji Ogawa  
Member of the Board of Directors (Outside Director)

Masato Monguchi  
Member of the Board of Directors (Audit &  
Supervisory Committee Member)

Hiroyuki Hatano  
Member of the Board of Directors (Audit &  
Supervisory Committee Member)

Masayuki Satake  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

Kiyotaka Fuke  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

Ryuta Nakajima  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

## Mizuho Securities

### Members of the Board of Directors

Kosuke Nakamura  
Chairman

Koichi Iida\*  
President & CEO (Representative Director)

Naofumi Fuke\*  
Deputy President  
Head of Retail & Business Banking Division

Atsushi Takahashi\*  
Deputy President  
Head of Global Markets Division and Head of Global Markets

Toshio Hirota\*  
Senior Executive Managing Director  
Head of Global Investment Banking Division

Tatsuya Yamada\*  
Senior Executive Managing Director  
(Representative Director)  
Head of Financial Control & Accounting Group, Head  
of IT & Systems Group, Head of Global Finance and  
Head of Global IT

Masaya Oishi\*  
Executive Managing Director  
Head of Fund Business Division and In charge of JA  
Sales Dept. of Global Markets Division

Taiji Kumagai\*  
Executive Managing Director  
Head of Compliance Group and Head of Global Compliance

Kenji Fujii\*  
Executive Managing Director  
Head of Research & Consulting Unit, Head of Risk  
Management Group, In charge of Due Diligence Dept.  
and Head of Global Risk Management

Hideyuki Kawashima\*  
Executive Managing Director  
Head of Internal Audit Group and SC Group Chief  
Audit Executive

Yuzo Kanamori\*  
Executive Managing Director  
Head of Strategic Planning Group, Head of  
Operations group, In charge of Investment Dept. and  
In charge of Markets Strategic Intelligence Dept.

Tatsufumi Sakai  
Member of the Board of Directors

Hidetaka Kawakita  
Member of the Board of Directors (Outside Director)

Yasushi Higo  
Member of the Board of Directors (Audit &  
Supervisory Committee Member)

Hiroki Takeshi  
Member of the Board of Directors (Audit &  
Supervisory Committee Member)

Hideo Etani  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

Yuji Yoshimasu  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

Masaru Ono  
Member of the Board of Directors (Outside Director)  
(Audit & Supervisory Committee Member)

#### Notes:

- \* indicates directors concurrently serving as executive officers.
- Executive officers, excluding the directors concurrently serving as executive officers and executive officers responsible for global regional operations of Mizuho Bank, have not been listed.
- Executive officers, excluding the directors concurrently serving as executive officers of Mizuho Trust & Banking and Mizuho Securities, have not been listed.

(As of June 22, 2018)







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TEL 1-713-499-4800

#### *San Francisco Representative Office*

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TEL 1-415-365-1750

#### *Washington, D.C. Representative Office*

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TEL 1-202-292-5080

#### *Mizuho Bank (USA)*

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TEL 1-212-282-3000

#### *Mizuho Bank (USA)*

*Atlanta Representative Office*  
3353 Peachtree Road NE, Atlanta Financial Center, Suite 500, Atlanta, GA 30326, USA  
TEL 1-404-364-1550

#### *Mizuho Bank (USA)*

*Chicago Representative Office*  
311 South Wacker Drive, Suite 2100, Chicago, IL 60606, USA  
TEL 1-312-855-1111

#### *Mizuho Bank (USA)*

*Dallas Representative Office*  
5345 Towne Square Drive, Suite 285, Plano, TX 75024, USA  
TEL 1-972-324-3350

#### *Mizuho Bank (USA)*

*Houston Representative Office*  
2700 Post Oak Blvd., Suite 1270, Houston, TX 77056, USA  
TEL 1-713-499-4800

#### *Mizuho Bank (USA)*

*Los Angeles Representative Office*  
350 South Grand Avenue, Suite 1500, Los Angeles, CA 90071, USA  
TEL 1-213-243-4500

#### *Mizuho Bank (USA)*

*Park Avenue Branch*  
320 Park Avenue, New York, NY 10022, USA  
TEL 1-212-282-3030

#### *Mizuho Bank (USA)*

*San Francisco Representative Office*  
235 Pine Street, San Francisco, CA 94104, USA  
TEL 1-415-365-1750

#### *Mizuho Alternative Investments, LLC*

757 Third Avenue, 8th Floor, New York, NY 10017, USA  
TEL 1-212-282-4804

#### *Mizuho Capital Markets LLC*

320 Park Avenue, 12th Floor, New York, NY 10022, USA  
TEL 1-212-547-1500

#### **Mizuho Desk** (Country/Region)

##### UAE

#### *Mashreqbank psc*

Japan Desk, Mashreqbank Building 3F, Dubai Internet City, Mashreqbank, P.O. Box 1250, Dubai, United Arab Emirates  
TEL 971-4-363-2324/2285

#### "Mizuho Desk"

By forming tie-ups with major financial institutions in regions where Mizuho does not possess offices, we offer our clients financial services through various institutions. (Transactions are conducted directly between the client and the local financial institution.)

#### **Network of Mizuho Trust & Banking**

#### *Mizuho Trust & Banking* (Luxembourg) S.A.

1B, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg  
TEL 352-42-16-17-1

#### **Network of Mizuho Securities**

#### *Beijing Representative Office*

8011, Chang-Fu-Gong Office Building, Jia 26, Jianguomenwai Street, Chaoyang District, Beijing 100022, The People's Republic of China  
TEL 86-10-6523-4779

#### *Shanghai Representative Office*

T32 33rd floor, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China  
TEL 86-21-6877-8000

#### *Mizuho Investment Consulting* (Shanghai) Co., Ltd.

T51 33rd floor, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China  
TEL 86-21-6877-5888

#### *Mizuho Investment Consulting* (Shanghai) Co., Ltd.

*Beijing Branch*  
6010, Chang-Fu-Gong Office Building, Jia 26, Jianguomenwai Street, Chaoyang District, Beijing 100022, The People's Republic of China  
TEL 86-10-6526-7577

#### *Mizuho Securities Asia Limited*

14-15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, S.A.R., The People's Republic of China  
TEL 852-2685-2000

#### *Mizuho Securities Asia Limited,* *Seoul Branch*

20th Floor, Seoul Finance Center, 136, Sejongdaero, Jung-gu, Seoul, 04520, Korea  
TEL 822-2206-1800

#### *Mizuho Securities Asia Limited* (Sydney Office)

Level 33, 60 Margaret Street, Sydney, N.S.W. 2000, Australia  
TEL 612-8114-4511

#### *Mizuho Securities India Private Limited*

Level 18, TOWER-A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai 400013, India  
TEL 91-22-4353-7600

#### *Mizuho Securities (Singapore) Pte. Ltd.*

12 Marina View #10-01A, Asia Square Tower 2, Singapore 018961  
TEL 65-6603-5688

#### *Mizuho Bank (Switzerland) Ltd*

Loewenstrasse 32, 8021 Zurich, Switzerland  
TEL 41-44-216-9111

#### *Mizuho International plc*

Mizuho House, 30 Old Bailey, London EC4M 7AU, United Kingdom  
TEL 44-20-7236-1090

#### *Mizuho International plc*

*Frankfurt Office*  
TaunusTurm 34th Floor, Taunustor 1, 60310 Frankfurt am Main, Germany  
TEL 49-69-4272-93001

#### *Mizuho International plc* (DIFC Branch)

The Gate Building, East Wing, Level 5, Dubai International Financial Centre, PO Box 507206, Dubai, U.A.E.  
TEL 44-20-7090-6181

#### *Mizuho Securities USA LLC*

320 Park Avenue, 12th Floor, New York, NY 10022, USA  
TEL 1-212-209-9300

#### *Mizuho Securities USA LLC* *Boston Office*

125 High Street, 21st Floor, Boston, MA 02110, USA  
TEL 1-617-235-1722

#### *Mizuho Securities USA LLC* *Chicago Office*

311 South Wacker Drive, Suite 700, Chicago, IL 60606, USA  
TEL 1-312-294-8800

#### *Mizuho Securities USA LLC*

*Chicago Office (Investment Banking)*  
311 South Wacker Drive, Suite 2100, Chicago, IL 60606, USA  
TEL 1-312-855-1111

#### *Mizuho Securities USA LLC*

*Houston Office (Investment Banking)*  
2700 Post Oak Blvd, Suite 1270, Houston, TX 77056, USA  
TEL 1-713-499-4800

#### *Mizuho Securities USA LLC* *Iselin Office*

101 Wood Avenue S, 3rd Floor, Iselin, NJ 08830, USA  
TEL 1-201-626-1000

#### *Mizuho Securities USA LLC*

*Los Angeles Office (Investment Banking)*  
350 South Grand Avenue, Suite 1500, Los Angeles, CA 90071, USA  
TEL 1-213-243-4500

#### *Mizuho Securities USA LLC*

*New York Office (Investment Banking)*  
1251 Avenue of the Americas, 30th Floor, New York, NY 10020, USA  
TEL 1-212-282-3000

#### *Mizuho Securities USA LLC* *San Francisco Office*

235 Pine Street, 19th Floor, San Francisco, CA 94104, USA  
TEL 1-415-268-5500

#### *Mizuho Securities USA LLC*

*San Francisco Office (Investment Banking)*  
235 Pine Street, 19th Floor, San Francisco, CA 94104, USA  
TEL 1-415-365-1750

#### *Mizuho Securities USA LLC* *Philadelphia Office*

Two Logan Square, 100 N. 18th Street, Suite 326, Philadelphia, PA 19103, USA  
TEL 1-267-207-3541

#### **Network of Asset Management One**

#### *Asset Management One Hong Kong Limited*

12/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, S.A.R., The People's Republic of China  
TEL 852-2918-9030

#### *Asset Management One Singapore Pte. Ltd.*

2 Shenton Way #12-01 SGX Centre I, Singapore 068804  
TEL 65-6532-5470

#### *Asset Management One USA Inc.*

400 Park Avenue, 4th Floor, New York, NY 10022, USA  
TEL 1-212-350-7650

#### *Asset Management One International Ltd.*

Mizuho House, 30 Old Bailey, London, EC4M 7AU, UK  
TEL 44-207-329-3777

# Investor information

## Date of establishment

January 8, 2003

## Paid-in capital

¥2,256.5 billion

## Issued shares

25,389,644,945 shares

## Number of shareholders

Common stock: 1,016,315

## Major shareholders (common stock)

		Shares held	Percentage of shares outstanding (%)
1	The Master Trust Bank of Japan, Ltd. (trustee account)	1,070,043,700	4.21
2	Japan Trustee Services Bank, Ltd. (trustee account)	1,054,777,400	4.15
3	Japan Trustee Services Bank, Ltd. (trustee account 5)	512,108,700	2.01
4	Japan Trustee Services Bank, Ltd. (trustee account 9)	479,711,500	1.88
5	State Street Bank West Client – Treaty 505234	453,273,840	1.78
6	Japan Trustee Services Bank, Ltd. (trustee account 1)	381,129,200	1.50
7	Japan Trustee Services Bank, Ltd. (trustee account 2)	374,905,000	1.47
8	JP Morgan Chase Bank 385151	341,932,527	1.34
9	Japan Trustee Services Bank, Ltd. (trustee account 7)	325,656,600	1.28
10	Japan Trustee Services Bank, Ltd. (trustee account 4)	308,675,100	1.21

Notes: 1. Figures for the percentage of shares outstanding are rounded down to the nearest second decimal place.

2. The percentages of shares outstanding are calculated by excluding the treasury stock (6,487,234 shares).

(As of March 31, 2018)

## Stock listing

### (common stock)

Tokyo Stock Exchange

## Accounting auditors

Ernst & Young ShinNihon LLC

## Shareholder register manager

Mizuho Trust & Banking Co., Ltd.

## Share unit

100 shares

## Fiscal year

April 1 to March 31

## Convocation of general meetings of shareholders

An ordinary general meeting of shareholders of the Company shall be convened no later than 3 months from the last day of each business year and an extraordinary general meeting of shareholders shall be convened whenever necessary.

## Record date

1. The Company shall deem shareholders having voting rights appearing in writing or electronically in the register of shareholders as of the end of March 31 of each year as the shareholders who are entitled to exercise their rights at the ordinary general meeting of shareholders for the relevant business year.
2. The provision of the preceding paragraph shall apply mutatis mutandis to the record date for voting rights at the general meetings of holders of classes of stock, where there is a matter to be resolved at an ordinary general meeting of shareholders that requires, in addition to such resolution, a resolution by the relevant general meeting of holders of class of stock.
3. In addition to the preceding two paragraphs, the Company may set an extraordinary record date, when necessary, by a determination by Executive Officer(s) under the authority delegated by the Board of Directors and upon giving a prior public notice thereof.

## Organizations that decide dividends from surplus

The Company shall decide distribution of dividends from surplus and other matters provided for in each item of Article 459, Paragraph 1 of the Companies Act of Japan, not by a resolution of a general meeting of shareholders, but by a resolution of the Board of Directors, unless otherwise provided for in laws or regulations.

## Record date for distribution of dividends from surplus

The record dates for distribution of dividends from surplus of the Company shall be March 31 and September 30 of each year.

## ADR\* information

Outline of Mizuho Financial Group's ADR

1. Exchange : New York Stock Exchange
2. Ticker symbol : MFG
3. CUSIP : 60687Y109
4. Conversion ratio : 1 ADR = 2 common shares
5. Depository bank : The Bank of New York Mellon  
101 Barclay Street  
New York, NY 10286  
Phone: 1-201-680-6825  
US Toll Free: 888-269-2377  
<http://www.adrbnymellon.com/>
6. Local custodian bank : Mizuho Bank, Ltd.

\* ADRs are securities issued for the purpose of trading in the US in place of the underlying stock of foreign companies. As ADRs are registered with the SEC as US securities, they are traded, settled and held in custody in substantially the same manner as the stocks of US companies. ADR is an acronym for American Depositary Receipts.



## ***Financial Analysis*** [Under Japanese GAAP]

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133	Key Indicators of Mizuho Financial Group, Inc.
135	Status of Asset Quality

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## Key Indicators of Mizuho Financial Group, Inc.

## ● Key Indicators of Mizuho Financial Group, Inc. (Consolidated)

As of or for the Fiscal Years ended March 31,	Billions of yen				
	2018	2017	2016	2015	2014
Total Income	¥3,590.8	¥3,351.7	¥3,235.6	¥3,180.8	¥2,940.7
Profit Attributable to Owners of Parent	576.5	603.5	670.9	611.9	688.4
Comprehensive Income	765.5	558.1	304.5	1,941.0	832.9
Net Assets	9,821.2	9,273.3	9,353.2	9,800.5	8,304.5
Total Assets	205,028.3	200,508.6	193,458.5	189,684.7	175,822.8
Deposits	136,463.8	130,676.4	117,456.6	113,452.4	101,811.2
Loans and Bills Discounted	79,421.4	78,337.7	73,708.8	73,415.1	69,301.4
Securities	34,183.0	32,353.1	39,505.9	43,278.7	43,997.5
Net Assets per Share (Yen)	357.41	335.96	322.46	322.86	253.25
Profit Attributable to Owners of Parent per Share (Yen)	22.72	23.86	26.94	24.91	28.18
Diluted Profit Attributable to Owners of Parent per Share (Yen)	22.72	23.78	26.42	24.10	27.12
Total Capital Ratio (International Standard (Basel III)) (Note)	18.24%	16.28%	15.41%	14.58%	14.36%
Tier 1 Capital Ratio (International Standard (Basel III)) (Note)	15.44%	13.30%	12.64%	11.50%	11.35%
Common Equity Tier 1 Capital Ratio (International Standard (Basel III)) (Note)	12.49%	11.34%	10.50%	9.43%	8.80%
Net Return on Equity	6.5%	7.2%	8.3%	8.6%	11.6%
PER (Times)	8.42x	8.54x	6.23x	8.47x	7.23x
Cash Flow from Operating Activities	2,966.7	4,690.1	4,104.1	6,654.9	(2,286.0)
Cash Flow from Investing Activities	(2,316.1)	5,796.3	3,687.8	2,619.2	10,607.4
Cash Flow from Financing Activities	149.9	(24.5)	(521.0)	(903.4)	(305.7)
Cash and Cash Equivalents at the end of the fiscal year	46,334.3	45,523.6	35,089.1	27,840.7	19,432.4

Note: Total Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Capital Ratio are based on the "Standards for Determining the Status of Capital Adequacy in consideration of assets held by a bank holding company and by its subsidiaries, in accordance with Banking Law Article 52-25" (Financial Services Agency Ordinance Announcement No.20, March 27, 2006)

Billions of yen

As of or for the Fiscal Years ended March 31,	2018	2017	2016	2015	2014
Operating Income	¥305.0	¥378.0	¥333.5	¥377.7	¥316.8
Net Income	257.1	326.6	304.3	349.0	285.8
Common Stock and Preferred Stock	2,256.5	2,256.2	2,255.7	2,255.4	2,254.9
Number of Shares Issued and Outstanding					
Common Stock	(25,389,644,945shares)	(25,386,307,945shares)	(25,030,525,657shares)	(24,621,897,967shares)	(24,263,885,187shares)
Eleventh Series Class XI Preferred Stock	—	—	914,752,000shares	914,752,000shares	914,752,000shares
Net Assets	5,441.3	5,342.5	5,197.2	5,096.2	4,900.4
Total Assets	10,587.7	9,269.3	7,064.2	6,603.1	6,251.3
Net Assets per Share (Yen)	214.43	210.51	203.58	198.15	188.90
Dividends per Share (Yen) (Interim Dividends per Share) (Yen)					
Common Stock	7.5	7.5	7.5	7.5	6.5
Eleventh Series Class XI Preferred Stock (Note)	—	—	20	20	20
Common Stock	3.75	3.75	3.75	3.5	3
Eleventh Series Class XI Preferred Stock (Note)	—	—	10	10	10
Net Income per Share (Yen)	10.13	12.91	12.17	14.11	11.53
Diluted Net Income per Share (Yen)	10.13	12.86	11.98	13.74	11.25
PER (Times)	18.88x	15.79x	13.81x	14.95x	17.68x
Dividend Propensity	73.98%	58.06%	61.62%	53.12%	56.33%

Note: Mizuho Financial Group Inc. ("MHFG") acquired all of the Eleventh Series Class XI Preferred Stock as of July 1, 2016 that had not been requested for acquisition by June 30, 2016 and cancelled all of the Eleventh Series Class XI Preferred Stock held by MHFG on July 13, 2016. Accordingly, the cash dividends per share of the Eleventh Series Class XI Preferred Stock for the fiscal years ended March 31, 2017 and 2018 have not been recorded.

Financial Analysis  
**Status of Asset Quality**

○ Credit-related Costs

**Credit-related Costs (Consolidated)**

Billions of yen

For the Fiscal Years ended March 31,	2018	2017	Change
<b>Credit-related Costs</b>	<b>¥(156.3)</b>	<b>¥47.5</b>	<b>¥(203.8)</b>
<b>Expenses related to Portfolio Problems (including Reversal of (Provision for) General Reserve for Possible Losses on Loans)</b>	<b>17.0</b>	<b>80.2</b>	<b>(63.1)</b>
<i>Losses on Write-offs of Loans</i>	15.5	15.8	(0.2)
<b>Gains on Reversal of Reserves for Possible Losses on Loans and others</b>	<b>(173.3)</b>	<b>(32.6)</b>	<b>(140.6)</b>
<b>Credit Costs for Trust Accounts</b>	<b>—</b>	<b>—</b>	<b>—</b>

○ Overview of Non-performing Loans (NPLs) as of March 31, 2018 (the Two Banks) (Banking Accounts)

Billions of yen

1. SELF-ASSESSMENT					2. Disclosed Claims under the Financial Reconstruct- tion Act	3. Non-Accrual, Past Due & Restructured Loans	
Obligor	Categorization	Non- Categorization	Category II	Category III			Category IV
Bankrupt and Substantially Bankrupt Obligors 76.6	76.6		Collateral, Guarantees, etc.: 75.1 Reserves for Possible Losses: 1.4	<b>Reserve Ratio 100%</b>	<b>Direct Write-offs</b>	Claims against Bankrupt and Substantially Bankrupt Obligors 76.6 <b>Coverage Ratio 100%</b>	Loans to Bankrupt Obligors 20.8
	Intensive Control Obligors 281.4						
Watch Obligors	Claims for Special Attention 197.8	<b>Reserve Ratio against Uncovered Portion 26.8%</b>		Amounts for reserves are recorded under Non-Categorization  Claims against Special Attention Obligors -Coverage Ratio: 54.1% -Reserve Ratio for Uncovered Portion: 29.5% -Reserve Ratio against Total Amount of Claims: 19.2%  Reserve Ratio against Total Amount of Claims ·Other Watch Obligors: 3.92% ·Normal Obligors: 0.05%	Claims for Special Attention (Notes 1) 197.8 <b>Coverage Ratio 45.9%</b>	Loans Past Due for 3 Months or More 0.6  Restructured Loans 197.2	
		Collateral, Guarantees, etc.: 51.4 Reserves for Possible Losses: 39.3					Total Coverage Ratio <b>72.1%</b>
	Special Attention Obligors	Other Watch Obligors	Total 555.9				
Normal Obligors						Total 521.5	
Total 84,191.8							

Notes: 1. Claims for Special Attention is denoted on an individual loans basis. Claims against Special Attention Obligors includes all claims, not limited to Claims for Special Attention.  
 2. The difference between total Non-Accrual, Past Due & Restructured Loans and total Disclosed Claims under the FRA represents the amount of claims other than loans included in Disclosed Claims under the FRA.



○ Status of Disclosed Claims under the FRA

**Disclosed Claims under the FRA (Consolidated)**

**(Consolidated)**

As of March 31,	2018	2017	Billions of yen Change
Claims against Bankrupt and Substantially Bankrupt Obligors	¥87.3	¥98.4	¥(11.0)
Claims with Collection Risk	291.7	401.2	(109.5)
Claims for Special Attention	241.3	422.5	(181.2)
<b>Total</b>	<b>¥620.4</b>	<b>¥922.2</b>	<b>¥(301.7)</b>

Note: Above figures are presented net of partial direct write-offs, the amounts of which are indicated in the table below.

	2018	2017	Billions of yen Change
Amount of Partial Direct Write-offs	¥96.8	¥93.3	¥3.5

**(Trust Accounts)**

As of March 31,	2018	2017	Billions of yen Change
Claims against Bankrupt and Substantially Bankrupt Obligors	¥—	¥—	¥—
Claims with Collection Risk	2.8	2.8	(0.0)
Claims for Special Attention	—	—	—
<b>Total</b>	<b>¥2.8</b>	<b>¥2.8</b>	<b>¥(0.0)</b>

**(Consolidated and Trust Accounts)**

As of March 31,	2018	2017	Billions of yen Change
Claims against Bankrupt and Substantially Bankrupt Obligors	¥87.3	¥98.4	¥(11.0)
Claims with Collection Risk	294.5	404.1	(109.5)
Claims for Special Attention	241.3	422.5	(181.2)
<b>Total</b>	<b>¥623.3</b>	<b>¥925.1</b>	<b>¥(301.8)</b>

○ **Status of Non-Accrual, Past Due & Restructured Loans (Consolidated)**

(Consolidated)

**Non-Accrual, Past Due & Restructured Loans**

As of March 31,	2018	2017	Billions of yen Change
Loans to Bankrupt Obligors	¥21.2	¥33.3	¥(12.0)
Non-Accrual Delinquent Loans	332.7	430.5	(97.8)
Loans Past Due for Three Months or More	0.6	7.8	(7.2)
Restructured Loans	240.7	414.7	(173.9)
<b>Total</b>	<b>¥595.3</b>	<b>¥886.4</b>	<b>¥(291.0)</b>

Note: Above figures are presented net of partial direct write-offs, the amounts of which are indicated in the table below.

	2018	2017	Billions of yen Change
Amount of Partial Direct Write-offs	¥92.0	¥87.4	¥4.5

**Ratio to Total Loans**

As of March 31,	2018	2017	% Change
Loans to Bankrupt Obligors	0.02%	0.04%	(0.01)%
Non-Accrual Delinquent Loans	0.41	0.54	(0.13)
Loans Past Due for Three Months or More	0.00	0.01	(0.00)
Restructured Loans	0.30	0.52	(0.22)
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans</b>	<b>0.74%</b>	<b>1.13%</b>	<b>(0.38)%</b>

Note: Above figures are presented net of partial direct write-offs.

**Reserves for Possible Losses on Loans**

As of March 31,	2018	2017	Billions of yen Change
<b>Reserves for Possible Losses on Loans</b>	<b>¥315.6</b>	<b>¥509.1</b>	<b>¥(193.5)</b>
General Reserve for Possible Losses on Loans	200.6	344.7	(144.1)
Specific Reserve for Possible Losses on Loans	115.0	164.4	(49.4)
Reserve for Possible Losses on Loans to Restructuring Countries	0.0	0.0	(0.0)

Note: Above figures are presented net of partial direct write-offs, the amounts of which are indicated in the table below.

	2018	2017	Billions of yen Change
Amount of Partial Direct Write-offs	¥97.1	¥93.7	¥3.3

**Reserve Ratios for Non-Accrual, Past Due & Restructured Loans**

As of March 31,	2018	2017	% Change
After Partial Direct Write-offs	53.01%	57.43%	(4.42)%

Note: Reserve Ratio = Reserves for Possible Losses on Loans / Total Non-Accrual, Past Due & Restructured Loans.

### (Trust Accounts)

#### Non-Accrual, Past Due & Restructured Loans

Billions of yen

As of March 31,	2018	2017	Change
Loans to Bankrupt Obligors	¥—	¥—	¥—
Non-Accrual Delinquent Loans	2.8	2.8	(0.0)
Loans Past Due for Three Months or More	—	—	—
Restructured Loans	—	—	—
<b>Total</b>	<b>¥2.8</b>	<b>¥2.8</b>	<b>¥(0.0)</b>

#### Ratio to Total Loans

%

As of March 31,	2018	2017	Change
Loans to Bankrupt Obligors	—%	—%	—%
Non-Accrual Delinquent Loans	25.16	23.09	2.07
Loans Past Due for Three Months or More	—	—	—
Restructured Loans	—	—	—
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans</b>	<b>25.16%</b>	<b>23.09%</b>	<b>2.07%</b>

### (Consolidated and Trust Accounts)

#### Non-Accrual, Past Due & Restructured Loans

Billions of yen

As of March 31,	2018	2017	Change
Loans to Bankrupt Obligors	¥21.2	¥33.3	¥(12.0)
Non-Accrual Delinquent Loans	335.5	433.4	(97.8)
Loans Past Due for Three Months or More	0.6	7.8	(7.2)
Restructured Loans	240.7	414.7	(173.9)
<b>Total</b>	<b>¥598.1</b>	<b>¥889.3</b>	<b>¥(291.1)</b>

Note: Above figures are presented net of partial direct write-offs.

#### Ratio to Total Loans

%

As of March 31,	2018	2017	Change
Loans to Bankrupt Obligors	0.02%	0.04%	(0.01)%
Non-Accrual Delinquent Loans	0.42	0.55	(0.13)
Loans Past Due for Three Months or More	0.00	0.01	(0.00)
Restructured Loans	0.30	0.52	(0.22)
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans</b>	<b>0.75%</b>	<b>1.13%</b>	<b>(0.38)%</b>

Note: Above figures are presented net of partial direct write-offs.

Financial Analysis  
**Status of Asset Quality**

○ **Status of Loans by Industry**

**Outstanding Balances by Industry (Consolidated)**

As of March 31,	Billions of yen, %					
	2018		2017		Change	
	Outstanding Balance	Composition	Outstanding Balance	Composition	Outstanding Balance	Composition
<b>Domestic Total (excluding Loans Booked Offshore)</b>	<b>¥57,614.2</b>	<b>100.00%</b>	<b>¥57,081.8</b>	<b>100.00%</b>	<b>¥532.4</b>	<b>/</b>
Manufacturing	8,039.8	13.95	8,625.8	15.11	(585.9)	(1.16)%
Agriculture & Forestry	38.2	0.07	37.7	0.06	0.5	0.01
Fishery	2.4	0.00	1.3	0.00	1.1	0.00
Mining, Quarrying Industry & Gravel Extraction Industry	221.5	0.38	224.8	0.39	(3.3)	(0.01)
Construction	633.6	1.10	643.1	1.13	(9.4)	(0.03)
Utilities	2,446.5	4.25	2,212.1	3.88	234.4	0.37
Communication	1,486.1	2.58	1,425.0	2.50	61.1	0.08
Transportation & Postal Industry	2,068.6	3.59	2,032.5	3.56	36.0	0.03
Wholesale & Retail	4,713.3	8.18	4,737.5	8.30	(24.1)	(0.12)
Finance & Insurance	4,532.2	7.87	4,071.5	7.13	460.7	0.74
Real Estate	7,481.6	12.99	7,140.2	12.51	341.3	0.48
Commodity Lease	2,148.5	3.73	2,104.6	3.69	43.9	0.04
Service Industries	2,878.1	4.99	2,648.2	4.64	229.9	0.35
Local Governments	931.6	1.62	866.0	1.52	65.5	0.10
Governments	7,946.6	13.79	7,662.4	13.42	284.1	0.37
Other	12,044.7	20.91	12,648.3	22.16	(603.5)	(1.25)
<b>Overseas Total (including Loans Booked Offshore)</b>	<b>21,807.2</b>	<b>100.00</b>	<b>21,255.9</b>	<b>100.00</b>	<b>551.2</b>	<b>/</b>
Governments	818.7	3.75	672.6	3.16	146.1	0.59
Financial Institutions	5,750.3	26.37	5,759.8	27.10	(9.4)	(0.73)
Other	15,238.1	69.88	14,823.4	69.74	414.6	0.14
<b>Total</b>	<b>¥79,421.4</b>	<b>/</b>	<b>¥78,337.7</b>	<b>/</b>	<b>¥1,083.6</b>	<b>/</b>

Notes :1. Domestic Total = MHFG and its domestic consolidated subsidiaries (excluding their overseas offices).

Overseas Total = Overseas offices of MHFG's domestic consolidated subsidiaries and MHFG's overseas consolidated subsidiaries


2. As for Domestic Total (excluding Loans Booked Offshore), parts of Loans which have been included in Other and others are included in Real Estate and parts of Loans which have been included in Transportation & Postal Industry and others are included in Other.

○ **Status of Loans by Nationality of Borrowers**

**Balance of Loans to Restructuring Countries (Consolidated)**

As of March 31, 2018	Billions of yen, %	As of March 31, 2017	Billions of yen, %
Argentina	¥0.0	Argentina	¥0.0
<b>Total</b>	<b>¥0.0</b>	<b>Total</b>	<b>¥0.0</b>
Ratio to Total Assets	0.00%	Ratio to Total Assets	0.00%

Note: Listed are loans to the government and related agents in restructuring countries for which Reserves for Possible Losses on Loans to Restructuring Countries are accounted as stipulated under the Japanese Institute of Certified Public Accountants (JICPA) Banking Audit Committee Report No.4.



***Financial Data of Mizuho Financial Group, Inc.***  
[Under Japanese GAAP]

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## Independent Auditor's Report



Building a better  
working world

### Independent Auditor's Report

The Board of Directors  
Mizuho Financial Group, Inc.

We have audited the accompanying consolidated financial statements of Mizuho Financial Group, Inc., which comprise the consolidated balance sheet as of March 31, 2018, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mizuho Financial Group, Inc. as of March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

#### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

A handwritten signature in black ink that reads "Ernst &amp; Young ShinNihon LLC". The signature is written in a cursive, flowing style.

June 21, 2018  
Tokyo, Japan

**Consolidated Financial Statements****Consolidated Balance Sheet**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars (Note 1)
			2018
<b>Assets</b>			
Cash and Due from Banks (Notes 17, 39, 41 and 42)	¥ 47,725,360	¥ 47,129,583	\$ 449,095,331
Call Loans and Bills Purchased (Note 41)	715,149	1,035,746	6,729,550
Receivables under Resale Agreements (Note 41)	8,080,873	8,967,777	76,040,970
Guarantee Deposits Paid under Securities Borrowing Transactions (Note 41)	4,350,527	3,350,051	40,938,430
Other Debt Purchased (Notes 41 and 42)	2,713,742	2,745,204	25,536,297
Trading Assets (Notes 10, 17, 41 and 42)	10,507,133	10,361,787	98,872,053
Money Held in Trust (Notes 41 and 42)	337,429	247,583	3,175,212
Securities (Notes 11, 17, 26, 41 and 42)	34,183,033	32,353,158	321,662,122
Loans and Bills Discounted (Notes 12, 17 and 41)	79,421,473	78,337,793	747,355,546
Foreign Exchange Assets (Note 13)	1,941,677	1,828,782	18,271,169
Derivatives other than for Trading Assets (Notes 41 and 43)	1,807,999	2,170,750	17,013,264
Other Assets (Notes 14, 17 and 42)	4,588,484	4,180,339	43,177,613
Tangible Fixed Assets (Notes 15, 28 and 40)	1,111,128	1,136,329	10,455,713
Intangible Fixed Assets (Note 40)	1,092,708	1,045,486	10,282,375
Net Defined Benefit Asset (Note 25)	996,173	797,762	9,373,990
Deferred Tax Assets (Note 27)	47,839	56,066	450,174
Customers' Liabilities for Acceptances and Guarantees (Note 26)	5,723,186	5,273,581	53,855,148
Reserves for Possible Losses on Loans (Notes 16 and 41)	(315,621)	(509,175)	(2,969,997)
<b>Total Assets</b>	<b>¥ 205,028,300</b>	<b>¥ 200,508,610</b>	<b>\$ 1,929,314,960</b>

**Consolidated Balance Sheet—(Continued)**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars (Note 1)
			2018
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Deposits (Notes 17, 18 and 41)	¥ 136,463,824	¥ 130,676,494	\$ 1,284,123,689
Call Money and Bills Sold (Notes 19 and 41)	2,105,293	1,255,172	19,810,801
Payables under Repurchase Agreements (Notes 17 and 41)	16,656,828	17,969,753	156,740,647
Guarantee Deposits Received under Securities Lending Transactions (Notes 17 and 41)	1,566,833	1,679,300	14,743,895
Commercial Paper (Note 20)	710,391	789,705	6,684,778
Trading Liabilities (Notes 10 and 41)	8,121,543	7,923,285	76,423,669
Borrowed Money (Notes 17, 21 and 41)	4,896,218	6,307,230	46,073,388
Foreign Exchange Liabilities (Note 13)	445,804	526,053	4,195,021
Short-term Bonds (Note 22)	362,185	226,348	3,408,162
Bonds and Notes (Notes 23 and 41)	7,544,256	7,564,535	70,991,403
Due to Trust Accounts (Note 41)	4,733,131	4,784,077	44,538,732
Derivatives other than for Trading Liabilities (Notes 41 and 43)	1,514,483	1,784,857	14,251,282
Other Liabilities (Note 24)	3,685,585	3,883,168	34,681,339
Reserve for Bonus Payments	66,872	67,633	629,269
Reserve for Variable Compensation	3,242	3,018	30,514
Net Defined Benefit Liability (Note 25)	58,890	55,236	554,160
Reserve for Director and Corporate Auditor Retirement Benefits	1,460	1,327	13,742
Reserve for Possible Losses on Sales of Loans	1,075	298	10,118
Reserve for Contingencies	5,622	5,680	52,909
Reserve for Reimbursement of Deposits	20,011	19,072	188,304
Reserve for Reimbursement of Debentures	30,760	32,720	289,460
Reserves under Special Laws	2,361	2,309	22,218
Deferred Tax Liabilities (Note 27)	421,002	337,800	3,961,632
Deferred Tax Liabilities for Revaluation Reserve for Land (Note 28)	66,186	66,585	622,813
Acceptances and Guarantees (Note 26)	5,723,186	5,273,581	53,855,148
<b>Total Liabilities</b>	<b>¥ 195,207,054</b>	<b>¥ 191,235,249</b>	<b>\$ 1,836,897,093</b>
<b>Net Assets</b>			
Common Stock and Preferred Stock (Note 29)	¥ 2,256,548	¥ 2,256,275	\$ 21,234,108
Capital Surplus	1,134,922	1,134,416	10,679,617
Retained Earnings	4,002,835	3,615,449	37,666,651
Treasury Stock (Note 29)	(5,997)	(4,849)	(56,435)
<b>Total Shareholders' Equity</b>	<b>7,388,309</b>	<b>7,001,291</b>	<b>69,523,941</b>
Net Unrealized Gains (Losses) on Other Securities (Note 42)	1,392,392	1,289,985	13,102,408
Deferred Gains or Losses on Hedges	(67,578)	10,172	(635,912)
Revaluation Reserve for Land (Note 28)	144,277	145,609	1,357,652
Foreign Currency Translation Adjustments	(85,094)	(69,657)	(800,741)
Remeasurements of Defined Benefit Plans (Note 25)	293,536	144,866	2,762,180
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,677,534</b>	<b>1,520,976</b>	<b>15,785,587</b>
Stock Acquisition Rights (Note 30)	1,163	1,754	10,952
Non-controlling Interests	754,239	749,339	7,097,387
<b>Total Net Assets</b>	<b>9,821,246</b>	<b>9,273,361</b>	<b>92,417,867</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 205,028,300</b>	<b>¥ 200,508,610</b>	<b>\$ 1,929,314,960</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.



## Consolidated Statement of Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars (Note 1)
			2018
<b>Income</b>			
Interest Income (Note 31)	¥ 1,622,354	¥ 1,445,555	\$ 15,266,345
Fiduciary Income	55,400	50,627	521,317
Fee and Commission Income	766,612	752,982	7,213,817
Trading Income (Note 32)	276,616	326,230	2,602,958
Other Operating Income (Note 33)	304,214	338,276	2,862,658
Other Income (Note 35)	565,683	438,042	5,323,076
<b>Total Income</b>	<b>3,590,881</b>	<b>3,351,714</b>	<b>33,790,171</b>
<b>Expenses</b>			
Interest Expenses (Note 31)	814,988	577,737	7,669,033
Fee and Commission Expenses	152,262	149,439	1,432,790
Trading Expenses (Note 32)	829	898	7,804
Other Operating Expenses (Note 34)	141,760	92,856	1,333,967
General and Administrative Expenses	1,488,973	1,467,221	14,011,234
Other Expenses (Note 36)	192,113	279,368	1,807,784
<b>Total Expenses</b>	<b>2,790,927</b>	<b>2,567,521</b>	<b>26,262,612</b>
<b>Income before Income Taxes</b>	<b>799,953</b>	<b>784,193</b>	<b>7,527,559</b>
Income Taxes:			
Current	190,158	196,535	1,789,387
Deferred	1,469	(58,800)	13,824
<b>Total Income Taxes</b>	<b>191,627</b>	<b>137,735</b>	<b>1,803,211</b>
<b>Profit</b>	<b>608,326</b>	<b>646,457</b>	<b>5,724,348</b>
<b>Profit Attributable to Non-controlling Interests</b>	<b>31,778</b>	<b>42,913</b>	<b>299,039</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 576,547</b>	<b>¥ 603,544</b>	<b>\$ 5,425,309</b>

### Per Share of Common Stock

As of March 31,	Yen		U.S. dollars (Note 1)	
	2018	2017	2018	
Net Income:				
Basic	¥ 22.72	¥ 23.86	\$	0.21
Diluted	22.72	23.78		0.21
Cash Dividends	7.50	7.50		0.07

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

### Consolidated Statement of Comprehensive Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2018	2017	2018	
Profit	¥ 608,326	¥ 646,457	\$	5,724,348
Other Comprehensive Income (Note 37):	157,233	(88,326)		1,479,564
Net Unrealized Gains (Losses) on Other Securities	102,332	(10,965)		962,950
Deferred Gains or Losses on Hedges	(77,205)	(155,158)		(726,506)
Revaluation Reserve for Land	(133)	(11)		(1,259)
Foreign Currency Translation Adjustments	(10,949)	(12,514)		(103,030)
Remeasurements of Defined Benefit Plans	149,473	93,588		1,406,545
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(6,284)	(3,266)		(59,136)
<b>Comprehensive Income</b>	<b>¥ 765,559</b>	<b>¥ 558,131</b>	<b>\$</b>	<b>7,203,912</b>
Comprehensive Income Attributable to Owners of Parent:	¥ 734,303	¥ 519,532	\$	6,909,794
Comprehensive Income Attributable to Non-controlling Interests:	31,255	38,598		294,118

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## Consolidated Statement of Changes in Net Assets

Millions of yen

For the Fiscal Year ended March 31, 2018	Shareholders' Equity				Total Shareholders' Equity
	Common Stock and Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance as of the beginning of the period</b>	<b>¥ 2,256,275</b>	<b>¥ 1,134,416</b>	<b>¥ 3,615,449</b>	<b>¥ (4,849)</b>	<b>¥7,001,291</b>
<b>Changes during the period</b>					
Issuance of New Shares	273	273			546
Cash Dividends			(190,360)		(190,360)
Profit Attributable to Owners of Parent			576,547		576,547
Repurchase of Treasury Stock				(2,431)	(2,431)
Disposition of Treasury Stock		(53)		1,283	1,229
Transfer from Revaluation Reserve for Land			1,198		1,198
Change in Treasury Shares of Parent Arising from Transactions with Non- controlling Shareholders		287			287
Net Changes in Items other than Shareholders' Equity					
<b>Total Changes during the period</b>	<b>273</b>	<b>506</b>	<b>387,385</b>	<b>(1,148)</b>	<b>387,017</b>
<b>Balance as of the end of the period</b>	<b>¥ 2,256,548</b>	<b>¥ 1,134,922</b>	<b>¥ 4,002,835</b>	<b>¥ (5,997)</b>	<b>¥ 7,388,309</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

**Consolidated Statement of Changes in Net Assets—(Continued)**

Millions of yen

	Accumulated Other Comprehensive Income						Stock Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
For the Fiscal Year ended March 31, 2018									
<b>Balance as of the beginning of the period</b>	<b>¥ 1,289,985</b>	<b>¥ 10,172</b>	<b>¥ 145,609</b>	<b>¥ (69,657)</b>	<b>¥ 144,866</b>	<b>¥ 1,520,976</b>	<b>¥ 1,754</b>	<b>¥ 749,339</b>	<b>¥ 9,273,361</b>
<b>Changes during the period</b>									
Issuance of New Shares									546
Cash Dividends									(190,360)
Profit Attributable to Owners of Parent									576,547
Repurchase of Treasury Stock									(2,431)
Disposition of Treasury Stock									1,229
Transfer from Revaluation Reserve for Land									1,198
Change in Treasury Shares of Parent Arising from Transactions with Non-controlling Shareholders									287
Net Changes in Items other than Shareholders' Equity	102,407	(77,750)	(1,331)	(15,437)	148,670	156,558	(590)	4,899	160,867
<b>Total Changes during the period</b>	<b>102,407</b>	<b>(77,750)</b>	<b>(1,331)</b>	<b>(15,437)</b>	<b>148,670</b>	<b>156,558</b>	<b>(590)</b>	<b>4,899</b>	<b>547,884</b>
<b>Balance as of the end of the period</b>	<b>¥ 1,392,392</b>	<b>¥ (67,578)</b>	<b>¥ 144,277</b>	<b>¥ (85,094)</b>	<b>¥ 293,536</b>	<b>¥ 1,677,534</b>	<b>¥ 1,163</b>	<b>¥ 754,239</b>	<b>¥ 9,821,246</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## Consolidated Statement of Changes in Net Assets—(Continued)

	Millions of yen				
	Shareholders' Equity				
For the Fiscal Year ended March 31, 2017	Common Stock and Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
<b>Balance as of the beginning of the period</b>	¥ 2,255,790	¥ 1,110,164	¥ 3,197,616	¥ (3,609)	¥ 6,559,962
Cumulative Effects of Changes in Accounting Policies			1,426		1,426
<b>Balance as of the beginning of the period reflecting Changes in Accounting Policies</b>	¥ 2,255,790	¥ 1,110,164	¥ 3,199,042	¥ (3,609)	¥ 6,561,388
<b>Changes during the period</b>					
Issuance of New Shares	484	484			969
Cash Dividends			(190,001)		(190,001)
Profit Attributable to Owners of Parent			603,544		603,544
Repurchase of Treasury Stock				(1,904)	(1,904)
Disposition of Treasury Stock		(55)		663	608
Cancellation of Treasury Stock		(1)		1	—
Transfer from Revaluation Reserve for Land			2,863		2,863
Change in Treasury Shares of Parent Arising from Transactions with Non- controlling Shareholders		23,823			23,823
Net Changes in Items other than Shareholders' Equity					
<b>Total Changes during the period</b>	484	24,251	416,406	(1,239)	439,903
<b>Balance as of the end of the period</b>	¥ 2,256,275	¥ 1,134,416	¥ 3,615,449	¥ (4,849)	¥ 7,001,291

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

**Consolidated Statement of Changes in Net Assets—(Continued)**

Millions of yen

	Accumulated Other Comprehensive Income						Total Accumulated Other Comprehensive Income	Stock Acquisition Rights	Non- Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasure- ments of Defined Benefit Plans					
For the Fiscal Year ended March 31, 2017										
<b>Balance as of the beginning of the period</b>	<b>¥ 1,296,039</b>	<b>¥ 165,264</b>	<b>¥ 148,483</b>	<b>¥ (53,689)</b>	<b>¥ 51,752</b>	<b>¥ 1,607,851</b>	<b>¥ 2,762</b>	<b>¥1,182,668</b>	<b>¥ 9,353,244</b>	
Cumulative Effects of Changes in Accounting Policies									1,426	
<b>Balance as of the beginning of the period reflecting Changes in Accounting Policies</b>	<b>¥ 1,296,039</b>	<b>¥ 165,264</b>	<b>¥ 148,483</b>	<b>¥ (53,689)</b>	<b>¥ 51,752</b>	<b>¥ 1,607,851</b>	<b>¥ 2,762</b>	<b>¥1,182,668</b>	<b>¥ 9,354,670</b>	
<b>Changes during the period</b>										
Issuance of New Shares									969	
Cash Dividends									(190,001)	
Profit Attributable to Owners of Parent									603,544	
Repurchase of Treasury Stock									(1,904)	
Disposition of Treasury Stock									608	
Cancellation of Treasury Stock									—	
Transfer from Revaluation Reserve for Land									2,863	
Change in Treasury Shares of Parent Arising from Transactions with Non- controlling Shareholders									23,823	
Net Changes in Items other than Shareholders' Equity	(6,054)	(155,091)	(2,874)	(15,967)	93,113	(86,875)	(1,008)	(433,328)	(521,212)	
<b>Total Changes during the period</b>	<b>(6,054)</b>	<b>(155,091)</b>	<b>(2,874)</b>	<b>(15,967)</b>	<b>93,113</b>	<b>(86,875)</b>	<b>(1,008)</b>	<b>(433,328)</b>	<b>(81,308)</b>	
<b>Balance as of the end of the period</b>	<b>¥ 1,289,985</b>	<b>¥ 10,172</b>	<b>¥ 145,609</b>	<b>¥ (69,657)</b>	<b>¥ 144,866</b>	<b>¥ 1,520,976</b>	<b>¥ 1,754</b>	<b>¥ 749,339</b>	<b>¥ 9,273,361</b>	

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## Consolidated Statement of Changes in Net Assets—(Continued)

Thousands of U.S. dollars (Note 1)

For the Fiscal Year ended March 31, 2018	Shareholders' Equity				Total Shareholders' Equity
	Common Stock and Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance as of the beginning of the period</b>	<b>\$ 21,231,536</b>	<b>\$ 10,674,851</b>	<b>\$ 34,021,357</b>	<b>\$ (45,632)</b>	<b>\$ 65,882,112</b>
<b>Changes during the period</b>					
Issuance of New Shares	2,572	2,572			5,144
Cash Dividends			(1,791,289)		(1,791,289)
Profit Attributable to Owners of Parent			5,425,309		5,425,309
Repurchase of Treasury Stock				(22,880)	(22,880)
Disposition of Treasury Stock		(507)		12,077	11,570
Transfer from Revaluation Reserve for Land			11,274		11,274
Change in Treasury Shares of Parent Arising from Transactions with Non- controlling Shareholders		2,701			2,701
Net Changes in Items other than Shareholders' Equity					
<b>Total Changes during the period</b>	<b>2,572</b>	<b>4,766</b>	<b>3,645,294</b>	<b>(10,803)</b>	<b>3,641,829</b>
<b>Balance as of the end of the period</b>	<b>\$ 21,234,108</b>	<b>\$ 10,679,617</b>	<b>\$ 37,666,651</b>	<b>\$ (56,435)</b>	<b>\$ 69,523,941</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

**Consolidated Statement of Changes in Net Assets—(Continued)**

Thousands of U.S. dollars (Note 1)

	Accumulated Other Comprehensive Income								Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasure- ments of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Stock Acquisition Rights	Non- Controlling Interests	
For the Fiscal Year ended March 31, 2018									
<b>Balance as of the beginning of the period</b>	<b>\$ 12,138,753</b>	<b>\$ 95,722</b>	<b>\$ 1,370,185</b>	<b>\$ (655,474)</b>	<b>\$ 1,363,189</b>	<b>\$ 14,312,375</b>	<b>\$ 16,506</b>	<b>\$ 7,051,281</b>	<b>\$ 87,262,274</b>
<b>Changes during the period</b>									
Issuance of New Shares									5,144
Cash Dividends									(1,791,289)
Profit Attributable to Owners of Parent									5,425,309
Repurchase of Treasury Stock									(22,880)
Disposition of Treasury Stock									11,570
Transfer from Revaluation Reserve for Land									11,274
Change in Treasury Shares of Parent Arising from Transactions with Non- controlling Shareholders									2,701
Net Changes in Items other than Shareholders' Equity	963,655	(731,634)	(12,533)	(145,267)	1,398,991	1,473,212	(5,554)	46,106	1,513,764
<b>Total Changes during the period</b>	<b>963,655</b>	<b>(731,634)</b>	<b>(12,533)</b>	<b>(145,267)</b>	<b>1,398,991</b>	<b>1,473,212</b>	<b>(5,554)</b>	<b>46,106</b>	<b>5,155,593</b>
<b>Balance as of the end of the period</b>	<b>\$ 13,102,408</b>	<b>\$ (635,912)</b>	<b>\$ 1,357,652</b>	<b>\$ (800,741)</b>	<b>\$ 2,762,180</b>	<b>\$ 15,785,587</b>	<b>\$ 10,952</b>	<b>\$ 7,097,387</b>	<b>\$ 92,417,867</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.



## Consolidated Statement of Cash Flows

For the Fiscal Years ended March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars (Note 1)
			2018
<b>Cash Flow from Operating Activities</b>			
Income before Income Taxes	¥ 799,953	¥ 784,193	\$ 7,527,559
Depreciation	173,660	166,265	1,634,147
Losses on Impairment of Fixed Assets	6,960	6,651	65,498
Amortization of Goodwill	4,154	2,816	39,093
Losses (Gains) on Step Acquisition	—	(56,226)	—
Equity in Loss (Gain) from Investments in Affiliates	(21,474)	(18,899)	(202,073)
Increase (Decrease) in Reserves for Possible Losses on Loans	(194,197)	57,472	(1,827,395)
Increase (Decrease) in Reserve for Possible Losses on Sales of Loans	777	31	7,313
Increase (Decrease) in Reserve for Contingencies	207	(254)	1,951
Increase (Decrease) in Reserve for Bonus Payments	(18)	5,809	(172)
Increase (Decrease) in Reserve for Variable Compensation	223	182	2,107
Decrease (Increase) in Net Defined Benefit Asset	(24,803)	(17,677)	(233,400)
Increase (Decrease) in Net Defined Benefit Liability	3,756	3,740	35,347
Increase (Decrease) in Reserve for Director and Corporate Auditor Retirement Benefits	175	(358)	1,654
Increase (Decrease) in Reserve for Reimbursement of Deposits	939	2,917	8,836
Increase (Decrease) in Reserve for Reimbursement of Debentures	(1,959)	(6,524)	(18,443)
Interest Income—accrual basis	(1,622,354)	(1,445,555)	(15,266,345)
Interest Expenses—accrual basis	814,988	577,737	7,669,033
Losses (Gains) on Securities	(263,312)	(357,710)	(2,477,769)
Losses (Gains) on Money Held in Trust	(139)	292	(1,310)
Foreign Exchange Losses (Gains)—net	229,892	107,847	2,163,284
Losses (Gains) on Disposition of Fixed Assets	1,495	2,608	14,076
Losses (Gains) on Cancellation of Employee Retirement Benefit Trust	(26,032)	—	(244,964)
Decrease (Increase) in Trading Assets	(132,951)	2,426,324	(1,251,070)
Increase (Decrease) in Trading Liabilities	154,664	(2,142,414)	1,455,393
Decrease (Increase) in Derivatives other than for Trading Assets	354,027	946,548	3,331,395
Increase (Decrease) in Derivatives other than for Trading Liabilities	(260,185)	(748,426)	(2,448,340)
Decrease (Increase) in Loans and Bills Discounted	(1,431,302)	(5,192,399)	(13,468,549)
Increase (Decrease) in Deposits	6,171,313	14,080,723	58,072,016
Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowed Money)	(1,371,484)	(1,139,322)	(12,905,657)
Decrease (Increase) in Due from Banks (excluding Due from Central Banks)	(9,678)	(416,740)	(91,078)
Decrease (Increase) in Call Loans, etc.	1,030,590	(1,333,261)	9,697,853
Decrease (Increase) in Guarantee Deposits Paid under Securities Borrowing Transactions	(1,000,475)	57,338	(9,414,465)
Increase (Decrease) in Call Money, etc.	122,103	152,026	1,148,997
Increase (Decrease) in Commercial Paper	(37,576)	(216,041)	(353,598)
Increase (Decrease) in Guarantee Deposits Received under Securities Lending Transactions	(112,466)	(929,671)	(1,058,309)
Decrease (Increase) in Foreign Exchange Assets	(141,992)	(410,914)	(1,336,148)
Increase (Decrease) in Foreign Exchange Liabilities	(80,565)	33,814	(758,118)
Increase (Decrease) in Short-term Bonds (Liabilities)	135,837	(422,033)	1,278,228
Increase (Decrease) in Bonds and Notes	¥ (411,073)	¥ 745,704	\$ (3,868,203)

**Consolidated Statement of Cash Flows—(Continued)**

For the Fiscal Years ended March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars (Note 1)
			2018
Increase (Decrease) in Due to Trust Accounts	¥ (50,946)	¥ (283,413)	\$ (479,405)
Interest and Dividend Income—cash basis	1,602,227	1,454,769	15,076,955
Interest Expenses—cash basis	(797,725)	(553,494)	(7,506,588)
Other—net	(475,640)	(987,540)	(4,475,778)
Subtotal	3,139,593	4,936,937	29,543,558
Cash Refunded (Paid) in Income Taxes	(172,892)	(246,806)	(1,626,921)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,966,701</b>	<b>4,690,131</b>	<b>27,916,637</b>
<b>Cash Flow from Investing Activities</b>			
Payments for Purchase of Securities	(60,973,137)	(46,111,207)	(573,756,823)
Proceeds from Sale of Securities	42,292,827	41,930,689	397,975,231
Proceeds from Redemption of Securities	16,679,426	10,419,553	156,953,295
Payments for Increase in Money Held in Trust	(155,042)	(88,905)	(1,458,947)
Proceeds from Decrease in Money Held in Trust	61,626	28,521	579,908
Payments for Purchase of Tangible Fixed Assets	(57,974)	(105,634)	(545,542)
Payments for Purchase of Intangible Fixed Assets	(181,647)	(285,561)	(1,709,302)
Proceeds from Sale of Tangible Fixed Assets	16,385	8,932	154,191
Proceeds from Sale of Intangible Fixed Assets	0	2	8
Proceeds from Sale of Stocks of Subsidiaries (affecting the scope of consolidation)	1,337	—	12,582
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(2,316,197)</b>	<b>5,796,391</b>	<b>(21,795,399)</b>
<b>Cash Flow from Financing Activities</b>			
Proceeds from Subordinated Borrowed Money	35,000	25,000	329,350
Repayments of Subordinated Borrowed Money	(69,000)	(80,000)	(649,289)
Proceeds from Issuance of Subordinated Bonds	574,000	795,000	5,401,336
Payments for Redemption of Subordinated Bonds	(172,600)	(76,000)	(1,624,165)
Proceeds from Issuance of Common Stock	3	6	31
Proceeds from Investments by Non-controlling Shareholders	1,450	3,322	13,648
Repayments to Non-controlling Shareholders	(1,065)	(467,320)	(10,028)
Cash Dividends Paid	(190,382)	(190,031)	(1,791,495)
Cash Dividends Paid to Non-controlling Shareholders	(25,832)	(31,168)	(243,083)
Payments for Purchase of Stocks of Subsidiaries (not affecting the scope of consolidation)	—	(216)	—
Payments for Repurchase of Treasury Stock	(1,611)	(1,434)	(15,160)
Proceeds from Sale of Treasury Stock	0	0	5
Payments for Repurchase of Treasury Stock of Subsidiaries	—	(1,695)	—
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>149,962</b>	<b>(24,537)</b>	<b>1,411,150</b>
<b>Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>10,203</b>	<b>(27,645)</b>	<b>96,016</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>810,670</b>	<b>10,434,339</b>	<b>7,628,404</b>
<b>Cash and Cash Equivalents at the Beginning of the Fiscal Year</b>	<b>45,523,663</b>	<b>35,089,122</b>	<b>428,377,375</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents from Merger of Consolidated Subsidiaries</b>	<b>—</b>	<b>201</b>	<b>—</b>
<b>Cash and Cash Equivalents at the End of the Fiscal Year (Note 39)</b>	<b>¥ 46,334,334</b>	<b>¥ 45,523,663</b>	<b>\$ 436,005,779</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## Notes to Consolidated Financial Statements

### 1. Basis for Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Mizuho Financial Group, Inc. (“MHFG”) and its consolidated subsidiaries in accordance with the provisions set forth in the Company Law of Japan and the Financial Instruments and Exchange Law, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”) which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements which were previously filed with the Director General of the Kanto Local Finance Bureau are reclassified for the convenience of readers outside Japan. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018 has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

### 2. Scope of Consolidation

(a) The consolidated financial statements include the accounts of MHFG and its consolidated subsidiaries (collectively, “the Group”), including Mizuho Bank, Ltd. (“MHBK”), Mizuho Trust & Banking Co., Ltd. (“MHTB”), Mizuho Securities Co., Ltd. (“MHSC”) and certain other subsidiaries. The numbers of consolidated subsidiaries as of March 31, 2018 and 2017 were 124 and 139, respectively.

In the fiscal year ended March 31, 2018, Mizuho Business Succession Fund Limited Partnership was newly included in the scope of consolidation as a result of new establishment.

During the period, MHC America Holdings, Inc. and 15 other companies were excluded from the scope of consolidation as a result of merger and other factors.

(b) There were no non-consolidated subsidiaries as of March 31, 2018 and 2017.

### 3. Application of the Equity Method

(a) There were no non-consolidated subsidiaries under the equity method as of March 31, 2018 and 2017.

(b) The numbers of affiliates under the equity method as of March 31, 2018 and 2017 were 19 and 18, respectively. Investments in affiliates include Orient Corporation, The Chiba Kogyo Bank, Ltd., Joint Stock Commercial Bank for Foreign Trade of Vietnam and certain other affiliates.

In the fiscal year ended March 31, 2018, Exacta Asia Investment II LP was newly included in the scope of the equity method as a result of new establishment.

(c) There were no non-consolidated subsidiaries not under the equity method as of March 31, 2018 and 2017.

(d) Pec International Leasing Co., Ltd., an affiliate not under the equity method, is not accounted for under the equity method, as it is not significant to the consolidated financial statements of MHFG.

#### **4. Balance Sheet Dates of Consolidated Subsidiaries**

(a) Balance sheet dates of consolidated subsidiaries for the fiscal year ended March 31, 2018 are as follows:

July 31	1 company
December 29	6 companies
December 31	50 companies
March 31	67 companies

(b) Consolidated subsidiaries with balance sheet dates of December 29 were consolidated based on their tentative financial statements as of and for the period ended December 31.

The consolidated subsidiary with balance sheet dates of July 31 was consolidated based on its tentative financial statement as of and for the period ended the consolidated balance sheet date.

Other consolidated subsidiaries were consolidated based on their financial statements as of and for the period ended their respective balance sheet dates.

The necessary adjustments have been made to the financial statements for any significant transactions that took place between their respective balance sheet dates and the date of the consolidated financial statements.

## 5. Standards of Accounting Method

### (1) Credited Loans pursuant to Trading Securities and Trading Income & Expenses

Credited loans held for the purpose of trading are, in line with trading securities, recognized on a trade date basis and recorded in Other Debt Purchased on the consolidated balance sheet. Other Debt Purchased related to the relevant credited loans is stated at fair value at the consolidated balance sheet date.

Interest received and the gains or losses on the sale of the relevant credited loans during the fiscal year, including the gains or losses resulting from any change in the value between the beginning and the end of the fiscal year, are recognized in Other Operating Income and Other Operating Expenses on the consolidated statement of income.

### (2) Trading Assets & Liabilities and Trading Income & Expenses

Trading transactions intended to take advantage of short-term fluctuations and arbitrage opportunities in interest rates, currency exchange rates, market prices of securities and related indices are recognized on a trade-date basis and recorded in Trading Assets or Trading Liabilities on the consolidated balance sheet. Income or expenses generated on the relevant trading transactions are recorded in Trading Income or Trading Expenses on the consolidated statement of income.

Securities and other monetary claims held for trading purposes are stated at fair value at the consolidated balance sheet date. Derivative financial products, such as swaps, futures and option transactions, are stated at their fair values, assuming that such transactions are terminated and settled at the consolidated balance sheet date.

Trading Income and Trading Expenses include the interest received and paid during the fiscal year, the gains or losses resulting from any change in the value of securities and other monetary claims between the beginning and the end of the fiscal year, and the gains or losses resulting from any change in the value of financial derivatives between the beginning and the end of the fiscal year, assuming they were settled at the end of the fiscal year.

### (3) Securities

In accordance with "Accounting Standard for Financial Instruments" (the Business Accounting Deliberation Council, January 22, 1999), MHFG classifies securities, excluding those of investments in non-consolidated subsidiaries and affiliates, into three categories based upon management's intent. These securities are accounted for as follows:

- (i) Trading securities are carried at market value and included in Trading Assets.
- (ii) Bonds held to maturity are stated at amortized cost (straight-line method) and determined by the moving average method.
- (iii) Other securities are securities which are not classified as either trading securities or bonds held to maturity. Other securities which have readily determinable fair value are stated at fair value with changes in net unrealized gains or losses, net of applicable income taxes after excluding gains and losses as a result of the fair-value hedge method, included directly in Net Assets. The fair value of Japanese stocks is determined based on the average quoted market price over the month preceding the consolidated balance sheet date. The fair value of securities other than Japanese stocks is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date (cost of securities sold is calculated primarily by the moving average method). Other securities, the fair values of which are extremely difficult to determine, are stated at acquisition cost or amortized cost which is determined by the moving average method.

In addition, investments in affiliates not under the equity method are stated at acquisition cost as determined by the moving average method.

Securities which are held as trust assets in Money Held in Trust accounts are valued in the same way as Securities above.

Certain Securities other than Trading Securities (excluding Securities for which it is deemed to be extremely difficult to determine the fair value) are devalued to the fair value, and the difference between the acquisition cost and the fair value is treated as a loss for the fiscal year ("impairment (devaluation)"), if the fair value (primarily the closing market price at the consolidated balance sheet date) has significantly deteriorated compared with the acquisition cost (including amortized cost), and unless it is deemed that there is a possibility of a recovery in the fair value. The amounts of impairment (devaluation) were ¥3,424 million (\$32,226 thousand) and ¥1,139 million for the fiscal years ended March 31, 2018 and 2017, respectively.

The criteria for determining whether a security's fair value has "significantly deteriorated" are outlined as follows:

- Security whose fair value is 50% or less of the acquisition cost
- Security whose fair value exceeds 50% but is 70% or less of the acquisition cost and the quoted market price maintains a certain level or lower

#### **(4) Bills Discounted**

In accordance with "Accounting and Auditing Treatment relating to Adoption of Accounting Standards for Financial Instruments for Banks" (The Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24), bills discounted are accounted for as financing transactions. The banking subsidiaries have rights to sell or pledge these commercial bills, foreign exchange bills purchased and others. The face value of these bills amounted to ¥1,405,238 million (\$13,223,284 thousand) and ¥1,315,137 million as of March 31, 2018 and 2017, respectively.

#### **(5) Derivative Transactions**

Derivative transactions are valued at fair value with changes in fair value included in current income. Derivatives qualifying as hedges are mainly accounted for using either the fair-value hedge method or the deferred method of hedge accounting (see (22) Hedge Accounting).

#### **(6) Tangible Fixed Assets (Except for Lease Assets)**

Depreciation of buildings is computed mainly by the straight-line method, and that of others is computed mainly by the declining-balance method. The range of useful lives is as follows:

- Buildings 3 years to 50 years
- Others 2 years to 20 years

#### **(7) Intangible Fixed Assets (Except for Lease Assets)**

Amortization of Intangible Fixed Assets is computed by the straight-line method. Development costs for internally-used software are capitalized and amortized over their estimated useful lives of mainly from five to ten years as determined by MHFG and its consolidated subsidiaries.

#### **(8) Lease Assets**

Depreciation of lease assets booked in Tangible Fixed Assets and Intangible Fixed Assets which are concerned with finance lease transactions that do not transfer ownership is mainly computed by the same method as the one applied to fixed assets owned by us.

#### **(9) Deferred Assets**

Bond issuance costs are expensed as incurred.

#### **(10) Reserves for Possible Losses on Loans**

Reserves for Possible Losses on Loans of major domestic consolidated subsidiaries are maintained in accordance with internally established standards for write-offs and reserve provisions:

- For claims extended to obligors that are legally bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws (“Bankrupt Obligors”), and to obligors that are effectively in similar conditions (“Substantially Bankrupt Obligors”), reserves are maintained at the amounts of claims net of direct write-offs described below and the expected amounts recoverable from the disposition of collateral and the amounts recoverable under guarantees.
- For claims extended to obligors that are not yet legally or formally bankrupt but are likely to be bankrupt (“Intensive Control Obligors”), reserves are maintained at the amounts deemed necessary based on overall solvency analyses of the amounts of claims net of expected amounts recoverable from the disposition of collateral and the amounts recoverable under guarantees.
- For claims extended to Intensive Control Obligors and Obligors with Restructured Loans (defined in Note 12 below) and others, if the exposure to an obligor exceeds a certain specific amount, reserves are provided as follows:
  - (i) if future cash flows of the principal and interest can be reasonably estimated, the discounted cash flow method is applied, under which the reserve is determined as the difference between the book value of the loan and its present value of future cash flows discounted using the contractual interest rate before the loan was classified as a Restructured Loan, and
  - (ii) if future cash flows of the principal and interest cannot be reasonably estimated, reserves are provided for the losses estimated for each individual loan.
- For claims extended to other obligors, reserves are maintained at rates derived from historical credit loss experience and other factors.
- Reserve for Possible Losses on Loans to Restructuring Countries is maintained in order to cover possible losses based on analyses of the political and economic climates of the countries. All claims are assessed by each claim origination department in accordance with the internally established “Self-assessment Standard,” and the results of the assessments are verified and examined by the independent examination departments.

In the case of claims to Bankrupt Obligors and Substantially Bankrupt Obligors, which are collateralized or guaranteed by a third party, the amounts deemed uncollectible (calculated by deducting the anticipated proceeds from the sale of collateral pledged against the claims and amounts that are expected to be recovered from guarantors of the claims) are written off against the respective claim balances. The total directly written-off amounts were ¥97,112 million (\$913,827 thousand) and ¥93,782 million as of March 31, 2018 and 2017, respectively.

Other consolidated subsidiaries provide the amount necessary to cover the loan losses based upon past experience and other factors for general claims and the assessment for each individual loan for other claims.

#### **(11) Reserve for Possible Losses on Investments**

Reserve for Possible Losses on Investments is maintained to provide against possible losses on investments in securities, after taking into consideration the financial condition and other factors concerning the investee company.

#### **(12) Reserve for Bonus Payments**

Reserve for Bonus Payments, which is provided for future bonus payments to employees, is maintained at the amount accrued at the end of the fiscal year, based on the estimated future payments.

#### **(13) Reserve for Variable Compensation**

To prepare for the payments of performance payments and stock compensation to be paid as variable compensation within compensation for directors, executive officers and specialist officers of Mizuho Financial Group, Inc., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., and Mizuho Securities Co., Ltd., the estimated payment based on the standard amount regarding variable compensation of the fiscal year is provided.

#### **(14) Reserve for Director and Corporate Auditor Retirement Benefits**

Reserve for Director and Corporate Auditor Retirement Benefits, which is provided for future retirement benefit payments to directors, corporate auditors, and executive officers, is recognized at the amount accrued by the end of the fiscal year, based on the internally established standards.

**(15) Reserve for Possible Losses on Sales of Loans**

Reserve for Possible Losses on Sales of Loans is provided for possible future losses on sales of loans at the amount deemed necessary based on a reasonable estimate of possible future losses.

**(16) Reserve for Contingencies**

Reserve for Contingencies is maintained to provide against possible losses from contingencies which are not covered by other specific reserves. The balance is an estimate of possible future losses considered to require a reserve.

**(17) Reserve for Reimbursement of Deposits**

Reserve for Reimbursement of Deposits is provided against the losses for the deposits derecognized from liabilities at the estimated amount of future claims for withdrawal by depositors.

**(18) Reserve for Reimbursement of Debentures**

Reserve for Reimbursement of Debentures is provided for the debentures derecognized from liabilities at the estimated amount for future claims.

**(19) Reserve under Special Laws**

Reserve under Special Laws is Reserve for Contingent Liabilities from Financial Instruments and Exchange of ¥2,361 million (\$22,218 thousand) and ¥2,309 million as of March 31, 2018 and 2017, respectively. This is the reserve pursuant to Article 46-5 of the Financial Instruments and Exchange Law and Article 175 of the Cabinet Office Ordinance regarding Financial Instruments Business, etc. to indemnify the losses incurred from accidents in the purchase and sale of securities, other transactions or derivative transactions.

**(20) Accounting Method for Retirement Benefits**

In calculating retirement benefit obligations, a benefit formula basis is used as a method of attributing expected retirement benefits to the period up to the end of this fiscal year. Unrecognized actuarial differences are recognized as income or expenses from the following fiscal year under the straight-line method over a certain term within the average remaining service period of the employees (mainly 10 years) of the respective fiscal years.

Certain consolidated subsidiaries apply the simplified method that assumes the amount required for voluntary resignation at the end of the term to be retirement benefit obligations in computing net defined benefit liability and retirement benefit expenses.

**(21) Assets and Liabilities Denominated in Foreign Currencies**

Assets and liabilities denominated in foreign currencies and accounts of overseas branches of domestic consolidated banking subsidiaries and a domestic consolidated trust banking subsidiary are translated into Japanese yen primarily at the exchange rates in effect at the consolidated balance sheet date, with the exception of the investments in affiliates not under the equity method, which are translated at historical exchange rates.

Assets and liabilities denominated in foreign currencies of the consolidated subsidiaries, except for the transactions mentioned above, are translated into Japanese yen primarily at the exchange rates in effect at the respective balance sheet dates.



## **(22) Hedge Accounting**

### **(a) Interest Rate Risk**

The deferred method, the fair-value hedge method or the exceptional accrual method for interest rate swaps are applied as hedge accounting methods.

The portfolio hedge transaction for a large volume of small-value monetary claims and liabilities of domestic consolidated banking subsidiaries and some of domestic consolidated trust banking subsidiaries is accounted for by the method stipulated in the JICPA Industry Audit Committee Report No.24, February 13, 2002.

The effectiveness of hedging activities for the portfolio hedge transaction for a large volume of small-value monetary claims and liabilities is assessed as follows:

- (i) as for hedging activities to offset market fluctuation risks, the effectiveness is assessed by bracketing both the hedged instruments, such as deposits and loans, and the hedging instruments, such as interest-rate swaps, in the same maturity bucket.
- (ii) as for hedging activities to fix the cash flows, the effectiveness is assessed based on the correlation between the base interest rate index of the hedged instrument and that of the hedging instrument.

The effectiveness of the individual hedge is assessed based on the comparison of the fluctuation in the market or of cash flows of the hedged instruments with that of the hedging instruments.

### **(b) Foreign Exchange Risk**

Domestic consolidated banking subsidiaries and some of domestic consolidated trust banking subsidiaries apply the deferred method of hedge accounting to hedge foreign exchange risks associated with various financial assets and liabilities denominated in foreign currencies as stipulated in the “Accounting and Auditing Treatment relating to Adoption of Accounting Standards for Foreign Currency Transactions for Banks” (JICPA Industry Audit Committee Report No.25, July 29, 2002). The effectiveness of the hedge is assessed by confirming that the amount of the foreign currency position of the hedged monetary claims and liabilities is equal to or larger than that of currency swap transactions, exchange swap transactions, and similar transactions designated as the hedging instruments of the foreign exchange risk.

In addition to the above methods, these subsidiaries apply the deferred method or the fair-value hedge method to portfolio hedges of the foreign exchange risks associated with investments in subsidiaries and affiliates denominated in foreign currency and Other securities denominated in foreign currency (except for bonds) identified as hedged items in advance, as long as the amount of foreign currency payables of spot and forward foreign exchange contracts exceeds the amount of acquisition cost of the hedged foreign securities denominated in foreign currency.

### **(c) Inter-company Transactions**

Inter-company interest rate swaps, currency swaps and similar derivatives among consolidated companies or between trading accounts and other accounts, which are designated as hedges, are not eliminated and related gains and losses are recognized in the statement of income or deferred under hedge accounting, because these inter-company derivatives are executed according to the criteria for appropriate outside third-party cover operations which are treated as hedge transactions objectively in accordance with JICPA Industry Audit Committee Reports No.24 and 25.

As for certain assets and liabilities of MHFG and its consolidated subsidiaries, the deferred method, the fair-value hedge method or the exceptional accrual method for interest rate swaps are applied.

### **(23) Consumption Taxes and Other**

With respect to MHFG and its domestic consolidated subsidiaries, Japanese consumption taxes and local consumption taxes are excluded from transaction amounts.

### **(24) Amortization Method of Goodwill and Amortization Period**

Goodwill is amortized over an appropriate period not to exceed 20 years under the straight-line method. The full amount of Goodwill that has no material impact is expensed as incurred.

### **(25) Scope of Cash and Cash Equivalents on Consolidated Statement of Cash Flows**

In the consolidated statement of cash flows, Cash and Cash Equivalents consist of cash and due from central banks included in "Cash and Due from Banks" on the consolidated balance sheet.

## **6. Issued but not yet Adopted Accounting Standard and Others**

- Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan ("ASBJ") Statement No.29, March 30, 2018)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30, March 30, 2018)

#### **(1) Overview**

International Accounting Standards Board ("IASB") and Financial Accounting Standards Board ("FASB") jointly established the comprehensive accounting standard for revenue recognition and announced "Revenue from contracts with customers" (International Financial Reporting Standards ("IFRS") 15 / FASB Topic 606). Considering the application of IFRS 15 from the fiscal year beginning on and after January 1, 2018 and Topic 606 from the fiscal year beginning after December 15, 2017, ASBJ has established the comprehensive accounting standard for revenue recognition and announced the accounting standard together with the guidance.

As a basic policy of ASBJ in establishing the accounting standard for revenue recognition, the accounting standard was determined with the adoption of the basic principles of IFRS 15 at first from the standpoint of the comparability between financial statements that is one of conveniences provided by ensuring consistency with IFRS 15. If there were items that should give consideration to practical businesses conducted in Japan, the alternative treatment shall be added as long as comparability is not harmed.

#### **(2) Scheduled Date of Application**

Mizuho Financial Group is scheduled to apply this accounting standard from the beginning of the consolidated fiscal year starting on April 1, 2021.

#### **(3) Effect of Application of this accounting standard**

The effect of the application of this accounting standard is under consideration.

## **7. Change in Presentation of Financial Statements**

Refund of Income Taxes separately presented for the previous consolidated fiscal year has been included within Current Income Taxes from this consolidated fiscal year due to decreased materiality. In order to reflect the change in presentation of financial statements, reclassification of the previous consolidated fiscal year has been made accordingly.

As a result, Refund of Income Taxes of ¥(3,259) million presented in the consolidated statement of income for the previous consolidated fiscal year has been reclassified as Current Income Taxes.

## 8. Additional Information

(The Board Benefit Trust (“BBT”) Program)

Since MHFG operates its business giving due regard to creating value for diverse stakeholders and realizing improved corporate value through the continuous and stable growth of MHFG group pursuant to MHFG’s basic management policy defined under the Mizuho Financial Group’s Corporate Identity, MHFG has introduced a performance-based stock compensation program using a trust (the “Program”) that functions as an incentive for each Director, Executive Officer, and Specialist Officer to exert maximum effort in performing his or her duties, and also as consideration for such exertion of effort.

### (1) Outline of the Program

The Program has adopted the Board Benefit Trust (“BBT”) framework. MHFG’s shares on the stock market will be acquired through a trust established based on the underlying funds contributed by MHFG, and MHFG’s shares will be distributed to Directors, Executive Officers, and Specialist Officers of MHFG, Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., and Mizuho Securities Co., Ltd. (the “Company Group”) in accordance with the Rules on Distribution of Shares to be prescribed in advance. The number of MHFG’s shares to be distributed will be determined pursuant to a performance evaluation based on the annual business plan.

A structure has been introduced for the distribution of MHFG’s shares under the Program, whereby the distribution will be deferred over three years, and the deferred portion will be subject to reduction or forfeiture depending on certain factors, including the performance of the Company Group or the relevant Directors, Executive Officers, and Specialist Officers.

Voting rights related to MHFG’s shares belonging to the trust assets under the trust shall not be exercised.

### (2) MHFG’s Shares Outstanding in the Trust

MHFG’s shares outstanding in the trust are recognized as Treasury Stock under Net Assets at the carrying amount (excluding the amount of incidental expenses) in the trust. The carrying amount of such Treasury Stock as of March 31, 2018 was ¥2,424 million for 13,319 thousand shares. (The carrying amount of such Treasury Stock as of March 31, 2017 was ¥1,428 million for 9,000 thousand shares.)

## 9. Securities Lending and Borrowing Transactions

MHFG does not have unsecured loaned securities which the borrowers have the right to sell or repledge as of March 31, 2018 and 2017. MHFG has the right to sell or repledge some of unsecured borrowed securities, securities purchased under resale agreements and securities borrowed with cash collateral. Among them, the totals of securities repledged were ¥12,656,065 million (\$119,093,495 thousand) and ¥13,471,535 million as of March 31, 2018 and 2017, respectively, and securities neither repledged nor re-loaned were ¥1,048,102 million (\$9,862,637 thousand) and ¥675,330 million as of March 31, 2018 and 2017, respectively.

## 10. Trading Assets and Liabilities

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Trading Assets:</b>			
Trading Securities	¥ 5,188,400	¥ 4,800,408	\$ 48,822,813
Derivatives for Trading Transactions	5,065,683	5,409,525	47,668,045
Derivatives for Trading Securities	253,049	151,853	2,381,195
<b>Total</b>	<b>¥ 10,507,133</b>	<b>¥ 10,361,787</b>	<b>\$ 98,872,053</b>
<b>Trading Liabilities:</b>			
Trading Securities Sold Short	¥ 3,185,101	¥ 2,221,541	\$ 29,971,783
Derivatives for Trading Transactions	4,759,793	5,475,724	44,789,623
Derivatives for Trading Securities	176,648	226,019	1,662,263
<b>Total</b>	<b>¥ 8,121,543</b>	<b>¥ 7,923,285</b>	<b>\$ 76,423,669</b>

## 11. Securities

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Japanese Government Bonds	¥ 15,292,004	¥ 13,324,305	\$ 143,897,658
Japanese Local Government Bonds	239,333	284,472	2,252,128
Japanese Short-term Bonds	99	99	941
Japanese Corporate Bonds	2,964,110	2,696,287	27,892,256
Japanese Stocks* <sup>1</sup>	3,952,789	3,958,439	37,195,719
Other* <sup>2</sup>	11,734,696	12,089,553	110,423,420
<b>Total</b>	<b>¥ 34,183,033</b>	<b>¥ 32,353,158</b>	<b>\$ 321,662,122</b>

\*<sup>1</sup> Japanese Stocks included investments in non-consolidated subsidiaries and affiliates of ¥178,472 million (\$1,679,425 thousand) and ¥238,208 million as of March 31, 2018 and 2017, respectively.

\*<sup>2</sup> Other included investments in non-consolidated subsidiaries and affiliates of ¥76,913 million (\$723,756 thousand) and ¥76,405 million as of March 31, 2018 and 2017, respectively.

## 12. Loans and Bills Discounted

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Loans on Deeds	¥ 68,615,165	¥ 67,456,670	\$ 645,668,255
Overdrafts	7,369,547	7,487,574	69,347,391
Loans on Notes	2,963,152	2,754,696	27,883,248
Bills Discounted	287,692	285,395	2,707,184
Financing Receivables, including Factoring, Leasing and Property Financing	180,974	348,514	1,702,967
Other	4,941	4,941	46,501
<b>Total</b>	<b>¥ 79,421,473</b>	<b>¥ 78,337,793</b>	<b>\$ 747,355,546</b>

Loans and Bills Discounted as of March 31, 2018 and 2017 include the following:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Loans to Bankrupt Obligors* <sup>1</sup>	¥ 21,271	¥ 33,330	\$ 200,167
Non-Accrual Delinquent Loans* <sup>2</sup>	332,702	430,525	3,130,728
Loans Past Due for Three Months or More* <sup>3</sup>	617	7,896	5,809
Restructured Loans* <sup>4</sup>	240,777	414,700	2,265,718
<b>Total</b>	<b>¥ 595,369</b>	<b>¥ 886,452</b>	<b>\$ 5,602,422</b>

\*<sup>1</sup> Loans to Bankrupt Obligors represent non-accrual loans to obligors who are legally bankrupt as defined in Article 96, Paragraph 1, Items 3 and 4 of the Corporate Tax Law Enforcement Ordinance (Government Ordinance No.97, 1965).

\*<sup>2</sup> Non-Accrual Delinquent Loans represent non-accrual loans other than (i) Loans to Bankrupt Obligors and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of obligors in financial difficulties.

\*<sup>3</sup> Loans to Bankrupt Obligors or Non-Accrual Delinquent Loans, both of which are classified as non-accrual, are not included in this category.

\*<sup>4</sup> Restructured Loans represent loans on which contracts were amended in favor of obligors (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, or renunciation of claims) in order to assist or facilitate the restructuring of obligors in financial difficulties.

Note: The amounts given in the above table are gross amounts before deduction of amounts for the Reserves for Possible Losses on Loans.

## Commitment Line for Loans

Overdraft protection on current accounts and contracts of the commitment line for loans are contracts by which banking subsidiaries are bound to extend loans up to the prearranged amount, at the request of customers, unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounted to ¥92,936,908 million (\$874,535,692 thousand) and ¥91,657,478 million as of March 31, 2018 and 2017, respectively. Of these amounts, ¥73,190,124 million (\$688,718,591 thousand) and ¥71,552,248 million as of March 31, 2018 and 2017, respectively, relate to contracts of which the original contractual maturity is one year or less, or which are unconditionally cancelable at any time.

Since many of these contracts expire without being exercised, the unutilized balance itself does not necessarily affect future cash flows. A provision is included in many of these contracts that entitles the banking subsidiaries to refuse the execution of loans, or reduce the maximum amount under contracts when there is a change in the financial situation, necessity to preserve a claim, or other similar reasons. The banking subsidiaries require collateral such as real estate and securities when deemed necessary at the time the contracts are entered into. In addition, they periodically monitor customers' business conditions in accordance with internally established standards and take necessary measures to manage credit risks such as amendments to contracts.

## 13. Foreign Exchange Assets and Liabilities

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Foreign Exchange Assets:</b>			
Foreign Bills Bought	¥ 1,117,545	¥ 1,029,741	\$ 10,516,100
Foreign Bills Receivable	529,924	453,929	4,986,590
Due from Banks (Foreign)	287,479	344,764	2,705,176
Advance to Foreign Banks	6,727	347	63,303
<b>Total</b>	<b>¥ 1,941,677</b>	<b>¥ 1,828,782</b>	<b>\$ 18,271,169</b>
<b>Foreign Exchange Liabilities:</b>			
Due to Banks (Foreign)	¥ 393,371	¥ 467,017	\$ 3,701,620
Advance from Foreign Banks	24,134	13,747	227,105
Foreign Bills Payable	18,211	39,767	171,369
Foreign Bills Sold	10,087	5,521	94,927
<b>Total</b>	<b>¥ 445,804</b>	<b>¥ 526,053</b>	<b>\$ 4,195,021</b>

## 14. Other Assets

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Accrued Income	¥ 300,691	¥ 270,538	\$ 2,829,504
Prepaid Expenses	54,020	47,848	508,332
Other	4,233,773	3,861,952	39,839,777
<b>Total</b>	<b>¥ 4,588,484</b>	<b>¥ 4,180,339</b>	<b>\$ 43,177,613</b>

### 15. Tangible Fixed Assets

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Land	¥ 628,836	¥ 641,284	\$ 5,917,349
Buildings	341,533	348,068	3,213,833
Lease Assets	25,468	26,210	239,655
Construction in Progress	24,975	22,134	235,022
Other	90,314	98,631	849,854
<b>Total</b>	<b>¥ 1,111,128</b>	<b>¥ 1,136,329</b>	<b>\$ 10,455,713</b>
Accumulated Depreciation	¥ 879,497	¥ 858,561	\$ 8,276,070
Book Value Adjusted for Gains on Sales of Replaced Assets and Others	34,180	33,215	321,638

### 16. Reserves for Possible Losses on Loans

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
General Reserve for Possible Losses on Loans	¥ (200,616)	¥ (344,741)	\$ (1,887,798)
Specific Reserve for Possible Losses on Loans	(115,004)	(164,430)	(1,082,188)
Reserve for Possible Losses on Loans to Restructuring Countries	(1)	(2)	(11)
<b>Total</b>	<b>¥ (315,621)</b>	<b>¥ (509,175)</b>	<b>\$ (2,969,997)</b>

### 17. Assets Pledged as Collateral

The following assets were pledged as collateral:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Trading Assets	¥ 1,590,718	¥ 1,882,123	\$ 14,968,648
Securities	6,712,488	8,425,757	63,164,473
Loans and Bills Discounted	4,976,680	7,128,930	46,830,528

The following liabilities were collateralized by the above assets:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Deposits	¥ 256,027	¥ 918,743	\$ 2,409,218
Payables under Repurchase Agreements	5,518,102	6,109,314	51,925,307
Guarantee Deposits Received under Securities Lending Transactions	984,830	1,219,762	9,267,251
Borrowed Money	3,524,825	4,810,490	33,168,583

In addition, the settlement accounts of foreign and domestic exchange transactions or derivatives transactions and others were collateralized, and margins for futures transactions were substituted by Cash and Due from Banks of ¥33,434 million (\$314,617 thousand) and ¥45,404 million, Trading Assets of ¥53,750 million (\$505,795 thousand) and ¥126,225 million, Securities of ¥3,270,531 million (\$30,775,678 thousand) and ¥3,919,060 million, and Loans and Bills Discounted of ¥154,190 million (\$1,450,927 thousand) and ¥238,686 million as of March 31, 2018 and 2017, respectively.

Other Assets included guarantee deposits of ¥132,084 million (\$1,242,914 thousand) and ¥128,941 million, collateral pledged for derivatives transactions of ¥718,276 million (\$6,758,980 thousand) and ¥769,243 million, margins for futures transactions of ¥140,600 million (\$1,323,051 thousand) and ¥269,376 million, and other guarantee deposits of ¥968,443 million (\$9,113,048 thousand) and ¥337,778 million as of March 31, 2018 and 2017, respectively.

## 18. Deposits

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Current Deposits	¥ 11,713,590	¥ 9,983,448	\$ 110,224,807
Ordinary Deposits* <sup>1</sup>	69,837,590	64,356,023	657,171,271
Deposits at Notice	930,730	1,025,510	8,758,165
Time Deposits	36,901,106	39,176,701	347,239,170
Negotiable Certificates of Deposit	11,382,590	10,631,277	107,110,101
Other	5,698,216	5,503,533	53,620,175
<b>Total</b>	<b>¥ 136,463,824</b>	<b>¥ 130,676,494</b>	<b>\$ 1,284,123,689</b>

\*<sup>1</sup> Ordinary Deposits includes savings deposits.

## 19. Call Money and Bills Sold

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Call Money	¥ 2,105,293	¥ 1,255,172	\$ 19,810,801
Bills Sold	—	—	—
<b>Total</b>	<b>¥ 2,105,293</b>	<b>¥ 1,255,172</b>	<b>\$ 19,810,801</b>

## 20. Commercial Paper

As of March 31,	Millions of yen		Thousands of U.S. dollars	Average interest rates* <sup>1</sup>	
	2018	2017	2018	2018	2017
Commercial Paper	¥710,391	¥789,705	\$6,684,778	1.92%	1.10%

\*<sup>1</sup> Average interest rates are the weighted-average interest rates of debts calculated from the interest rates and outstanding balances at the end of the fiscal year.

## 21. Borrowed Money

As of March 31,	Millions of yen		Thousands of U.S. dollars	Average interest rates <sup>*1</sup>	
	2018	2017	2018	2018	2017
Borrowed Money	¥4,896,218	¥6,307,230	\$46,073,388	0.63%	0.38%
Bills Rediscounted	—	—	—	—%	—%
Other Borrowings <sup>*2,3</sup>	4,896,218	6,307,230	\$46,073,388	0.63%	0.38%

\*1 Average interest rates are the weighted-average interest rates of debts calculated from the interest rates and outstanding balances at the end of the fiscal year.

\*2 Other Borrowings included subordinated debt of ¥218,000 million (\$2,051,379 thousand) and ¥252,000 million as of March 31, 2018 and 2017, respectively.

\*3 Repayments for Other Borrowings are scheduled for the next five years as follows:

Fiscal year ending March 31, 2019	¥2,221,554 million	(\$20,904,810 thousand)
2020	¥636,522 million	(\$5,989,671 thousand)
2021	¥905,073 million	(\$8,516,736 thousand)
2022	¥125,318 million	(\$1,179,244 thousand)
2023	¥184,092 million	(\$1,732,310 thousand)

## 22. Short-term Bonds

Major components of Short-term Bonds at March 31, 2018 were as follows:

Issuer	Issue	Millions of yen	Thousands of U.S. dollars	Interest rates	Due
MHSC	Aug. 2017–Mar. 2018	334,200 [334,200]	3,144,820 [3,144,820]	0.00%	Apr. 2018– Sep. 2018
*1	Oct. 2017–Mar. 2018	27,985 [27,985]	263,342 [263,342]	0.04%–0.11%	Apr. 2018– May 2018
<b>Total</b>		<b>¥362,185</b>	<b>\$3,408,162</b>		

\*1 indicates the total amount of Short-term Bonds issued by the domestic consolidated subsidiary, Allstar Funding Co., Ltd, and the overseas consolidated subsidiary, JAPAN SECURITIZATION CORPORATION.

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. No collateral was provided for the above Short-term Bonds.

Major components of Short-term Bonds at March 31, 2017 were as follows:

Issuer	Issue	Millions of yen	Interest rates	Due
MHFG	Jan. 2017	¥80,000 [80,000]	0.02%	Apr. 2017
MHSC	Apr. 2016–Mar. 2017	111,300 [111,300]	0.00%–0.01%	Apr. 2017– Sep. 2017
*1	Oct. 2016–Mar. 2017	35,048 [35,048]	0.02%–0.10%	Apr. 2017– May 2017
<b>Total</b>		<b>¥226,348</b>		

\*1 indicates the total amount of Short-term Bonds issued by the domestic consolidated subsidiary, Allstar Funding Co., Ltd, and the overseas consolidated subsidiary, JAPAN SECURITIZATION CORPORATION.

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. No collateral was provided for the above Short-term Bonds.



## 23. Bonds and Notes

Major components of Bonds and Notes as of March 31, 2018 were as follows:

Issuer	Description	Issue	Millions of yen	Thousands of U.S. dollars	Interest rates	Due
MHFG	Straight Bonds	Jul. 2014– Mar. 2018	¥3,869,015 [—] (US\$ 17,500,000 thousand) (EUR 500,000 thousand)	\$36,407,406 [—]	0.10%– 4.35%	Apr. 2021–
MHTB	Straight Bonds	Dec. 2005	10,000 [—]	94,100 [—]	2.24%	Dec. 2020
MHBK	Straight Bonds	Aug. 2005– Jan. 2018	2,421,033 [513,026] (US\$ 10,546,418 thousand) (AUD 1,115,000 thousand) (SGD 290,000 thousand) (HKD 1,430,000 thousand) (CNY 500,000 thousand) (THB 3,000,000 thousand)	22,781,913 [4,827,576]	0.22%– 5.30%	Apr. 2018–
*1	Straight Bonds	Jul. 2012– Mar. 2014	318,325 [—] (US\$ 2,995,443 thousand)	2,995,443 [—]	4.20%– 4.60%	Jul. 2022– Mar. 2024
*2	Straight Bonds	Sep. 2005– May 2012	45,000 [—]	423,450 [—]	1.30%– 2.75%	Jun. 2023–
*3	Straight Bonds	Jan. 2003– Mar. 2018	880,881 [227,933] (US\$ 2,417,770 thousand) (AUD 24,550 thousand) (EUR 998,900 thousand) (BRL 14,500 thousand) (GBP 20,000 thousand) (MXN 9,000 thousand) (TRY 51,076 thousand)	8,289,091 [2,144,854]	0.00%– 19.00%	Apr. 2018– Mar. 2048
<b>Total</b>			<b>¥7,544,256</b>	<b>\$70,991,403</b>		

\*1 indicates the total amount of straight bonds issued by the overseas consolidated subsidiaries, Mizuho Financial Group (Cayman) 2 Limited and Mizuho Financial Group (Cayman) 3 Limited.

\*2 indicates the total amount of straight bonds issued by the overseas consolidated subsidiaries, Mizuho Finance (Cayman) Limited, Mizuho Finance (Curaçao) N.V. and Mizuho Finance (Aruba) A.E.C.

\*3 indicates the total amount of straight bonds issued by the domestic consolidated subsidiary, MHSC, and the overseas consolidated subsidiaries, Mizuho International plc and Mizuho Securities USA LLC.

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amounts of foreign currency-denominated bonds are shown in original currencies in parentheses ( ).

3. Repayments for Bonds and Notes are scheduled for the next five years as follows:

Fiscal year ending March 31, 2019	¥740,960 million	(\$6,972,430 thousand)
2020	¥849,535 million	(\$7,994,119 thousand)
2021	¥296,237 million	(\$2,787,589 thousand)
2022	¥1,021,008 million	(\$9,607,683 thousand)
2023	¥862,446 million	(\$8,115,616 thousand)

4. Bonds and Notes as of March 31, 2018 included subordinated bonds and notes of ¥2,810,028 million (\$26,442,347 thousand).

5. No collateral was provided for the above Bonds and Notes.

Major components of Bonds and Notes as of March 31, 2017 were as follows:

Issuer	Description	Issue	Millions of yen	Interest rates	Due
MHFG	Straight Bonds	Jul. 2014–	¥2,632,250	0.10%–	Apr. 2021–
		Oct. 2017	[—]	4.35%	
MHTB	Straight Bonds	Dec. 2005	10,000	2.24%	Dec. 2020
			[—]		
MHBK	Straight Bonds	Aug. 2005–	3,726,331	0.20%–	Apr. 2017–
		Mar. 2017	[1,264,044]	4.78%	
			(US\$ 15,913,528 thousand)		
			(AUD 1,170,000 thousand)		
			(SGD 290,000 thousand)		
			(HKD 1,430,000 thousand)		
			(CNY 250,000 thousand)		
		(THB 3,000,000 thousand)			
*1	Straight Bonds	Jul. 2012–	335,991	4.20%–	Jul. 2022–
		Mar. 2014	[—]	4.60%	Mar. 2024
			(US\$ 2,994,577 thousand)		
*2	Straight Bonds	Sep. 2005–	47,600	1.30%–	Jun. 2018–
		May 2012	[—]	2.75%	
*3	Straight Bonds	Jan. 2003–	812,362	0.00%–	Apr. 2017–
		Mar. 2017	[150,786]	23.80%	Mar. 2047
			(US\$ 1,572,350 thousand)		
			(AUD 30,060 thousand)		
			(EUR 895,400 thousand)		
			(BRL 14,500 thousand)		
<b>Total</b>			<b>¥7,564,535</b>		

\*1 indicates the total amount of straight bonds issued by the overseas consolidated subsidiaries, Mizuho Financial Group (Cayman) Limited, Mizuho Financial Group (Cayman) 2 Limited and Mizuho Financial Group (Cayman) 3 Limited.

\*2 indicates the total amount of straight bonds issued by the overseas consolidated subsidiaries, Mizuho Finance (Cayman) Limited, Mizuho Finance (Curaçao) N.V. and Mizuho Finance (Aruba) A.E.C.

\*3 indicates the total amount of straight bonds issued by the domestic consolidated subsidiary, MHSC, and the overseas consolidated subsidiaries, Mizuho International plc and Mizuho Securities USA Inc.

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amounts of foreign currency-denominated bonds are shown in original currencies in parentheses ( ).

3. Repayments for Bonds and Notes are scheduled for the next five years as follows:

Fiscal year ending March 31, 2018	¥1,414,830 million
2019	¥648,802 million
2020	¥837,267 million
2021	¥262,480 million
2022	¥1,068,917 million

4. Bonds and Notes as of March 31, 2017 included subordinated bonds and notes of ¥2,430,741 million.

5. No collateral was provided for the above Bonds and Notes.

## 24. Other Liabilities

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Accrued Expenses	¥223,537	¥201,532	\$2,103,487
Unearned Income	116,486	129,676	1,096,139
Income Taxes Payable	66,363	71,635	624,478
Lease Liabilities*1*2	36,009	40,947	338,851
Other	3,243,188	3,439,377	30,518,384
<b>Total</b>	<b>¥3,685,585</b>	<b>¥3,883,168</b>	<b>\$34,681,339</b>

\*1 Average interest rate is 1.35% and 1.41% in the fiscal year ended March 31, 2018 and 2017, respectively. It is the weighted-average interest rate of debts calculated from the interest rates and outstanding balances at the end of the fiscal year.

\*2 Repayments for Lease Liabilities are scheduled for the next five years as follows:

Fiscal year ending March 31, 2019	¥11,590 million (\$109,062 thousand)
2020	¥9,640 million (\$90,719 thousand)
2021	¥7,096 million (\$66,782 thousand)
2022	¥4,240 million (\$39,905 thousand)
2023	¥2,470 million (\$23,244 thousand)

## 25. Reserve for Employee Retirement Benefits

(1) MHFG and its domestic consolidated subsidiaries have adopted the Corporate Pension Fund Plans (“Kigyo Nenkin Kikin Seido”), and the Termination Allowance Plans (“Taishoku Ichijikin Seido”) as Defined-Benefit Corporate Pension Plans. In addition, MHFG and certain domestic consolidated subsidiaries have adopted Defined- Contribution Pension Plans other than risk-sharing corporate pension as a part of the Termination Allowance Plans while certain other domestic consolidated subsidiaries have established employee retirement benefit trusts.

(2) Defined-Benefit Corporate Pension Plans

(i) Adjustment between the balances of Retirement Benefit Obligations at the beginning and at the end of the period

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance of Retirement Benefit Obligations at the beginning of the period	¥1,433,371	¥1,465,148	\$13,488,018
Service Cost	41,646	44,340	391,889
Interest Cost	5,737	4,686	53,991
Unrecognized Actuarial Differences incurred	29,152	(15,851)	274,330
Retirement Benefits paid	(67,267)	(66,837)	(632,988)
Other	(1,256)	1,884	(11,827)
<b>Balance of Retirement Benefit Obligations at the end of the period</b>	<b>¥1,441,383</b>	<b>¥1,433,371</b>	<b>\$13,563,413</b>

Note: The above Retirement Benefit Obligations includes the amount measured by certain consolidated subsidiaries under the simplified method.

(ii) Adjustment between the balances of Plan Assets at the beginning and at the end of the period

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance of Plan Assets			
at the beginning of the period	¥2,175,897	¥2,060,062	\$20,475,180
Expected Return on Plan Assets	33,609	34,862	316,262
Unrecognized Actuarial Differences incurred	245,662	80,407	2,311,686
Contributions from employer	42,863	50,095	403,347
Contributions from employee	1,232	1,215	11,600
Retirement Benefits paid	(51,907)	(50,972)	(488,454)
Cancellation of Employee Retirement Benefit Trust	(66,565)	—	(626,380)
Other	(2,125)	226	(19,998)
<b>Balance of Plan Assets at the end of the period</b>	<b>¥2,378,667</b>	<b>¥2,175,897</b>	<b>\$22,383,243</b>

(iii) Adjustment between the balances of Retirement Benefit Obligations and Plan Assets at the end of the period and Adjustment to the balances of Net Defined Benefit Liability and Net Defined Benefit Asset recorded in the Consolidated Balance Sheet

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Retirement Benefit Obligations	¥1,441,383	¥1,433,371	\$13,563,413
Plan Assets	(2,378,667)	(2,175,897)	(22,383,243)
<b>Net amount of Liability and Asset recorded in the Consolidated Balance Sheet</b>	<b>¥(937,283)</b>	<b>¥(742,525)</b>	<b>\$(8,819,830)</b>

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net Defined Benefit Liability	¥58,890	¥55,236	\$554,160
Net Defined Benefit Asset	(996,173)	(797,762)	(9,373,990)
<b>Net amount of Liability and Asset recorded in the Consolidated Balance Sheet</b>	<b>¥(937,283)</b>	<b>¥(742,525)</b>	<b>\$(8,819,830)</b>

(iv) Employee Retirement Benefit Expenses and the breakdown

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service Cost	¥40,549	¥43,302	\$381,570
Interest Cost	5,737	4,686	53,991
Expected Return on Plan Assets	(33,609)	(34,862)	(316,262)
Amortization of Unrecognized Actuarial Differences	23,824	38,699	224,189
Other	3,887	3,659	36,584
<b>Net Retirement Benefit Expenses for Defined-Benefit Corporate Pension Plans</b>	<b>¥40,390</b>	<b>¥55,485</b>	<b>\$380,072</b>
<b>Gains on Cancellation of Employee Retirement Benefit Trust</b>	<b>¥(26,032)</b>	<b>¥—</b>	<b>\$(244,964)</b>

- Notes: 1. The amount of employee contributions to Mizuho Pension Fund is deducted from Service Cost.  
2. Retirement benefit expenses of some consolidated subsidiaries which adopt the simplified method for calculating retirement benefit obligations are included in Service Cost in full.  
3. Gains on Cancellation of Employee Retirement Benefit Trust is included in Other Income.

(v) Remeasurements of Defined Benefit Plans in Other Comprehensive Income

Breakdown of Remeasurements of Defined Benefit Plans in Other Comprehensive Income (before deducting tax effect) was as follows:

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized Actuarial Differences	¥(216,485)	¥(134,780)	\$(2,037,128)
Other	312	—	2,944
<b>Total</b>	<b>¥(216,172)</b>	<b>¥(134,780)</b>	<b>\$(2,034,184)</b>

(vi) Remeasurements of Defined Benefit Plans in Total Accumulated Other Comprehensive Income

Breakdown of Remeasurements of Defined Benefit Plans in Total Accumulated Other Comprehensive Income (before deducting tax effect) was as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized Actuarial Differences	¥(418,093)	¥(201,608)	\$(3,934,258)
Other	312	—	2,944
<b>Total</b>	<b>¥(417,780)</b>	<b>¥(201,608)</b>	<b>\$(3,931,314)</b>

(vii) Plan Assets

(a) Ratio of each category to the total amount of Plan Assets was as follows:

As of March 31,	2018	2017
Japanese Stocks	58.86%	56.65%
Japanese Bonds	13.27%	17.03%
Foreign Stocks	10.54%	12.49%
Foreign Bonds	8.84%	4.51%
General account of life insurance companies	4.62%	5.72%
Other	3.87%	3.60%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Note: The total amount of Plan Assets includes 59.64% and 57.28% of Employee Retirement Benefit Trust established for the Corporate Pension Fund Plans and the Termination Allowance Plans as of March 31, 2018 and 2017, respectively.

(b) Calculation of Expected Long-term Rate of Return on Plan Assets

In determining the Expected Long-term Rate of Return on Plan Assets, current and expected allocation of Plan Assets and current and expected future long-term rate of return from various assets constituting Plan Assets have been considered.

(viii) Basis of Actuarial Calculation

Major Basis of Actuarial Calculation

For the Fiscal Years ended March 31,	2018	2017
Discount Rate	mainly 0.02%- 0.98%	mainly 0.02%- 1.09%
Expected Long-term Rate of Return on Plan Assets	mainly 1.20%- 1.75%	mainly 1.47%- 1.90%

(3) Defined- Contribution Pension Plans

The required amount of contributions to Defined- Contribution Pension Plans of MHFG and its domestic consolidated subsidiaries was ¥2,473 million (\$ 23,276 thousand) and ¥3,186 million for the fiscal years ended March 31, 2018 and 2017, respectively.

## 26. Acceptances and Guarantees

(1) All commitments and contingent liabilities of a material nature resulting from guarantees or otherwise are included in the contra-accounts Acceptances and Guarantees and Customers' Liabilities for Acceptances and Guarantees.

The outstanding balances of the accounts were as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Guarantees	¥5,540,355	¥5,083,740	\$52,134,708
Letters of Credit	125,498	138,817	1,180,943
Acceptances	57,332	51,023	539,497
<b>Total</b>	<b>¥5,723,186</b>	<b>¥5,273,581</b>	<b>\$53,855,148</b>

Note: Liabilities for guarantees on corporate bonds included in Securities, which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Law (the Securities and Exchange Law as of March 31, 2007)) amounted to ¥1,309,432 million (\$12,321,747 thousand) and ¥1,169,267 million as of March 31, 2018 and 2017, respectively.

(2) The principal amounts promised to be indemnified for money trusts which are entrusted to domestic consolidated trust banking subsidiaries, were ¥1,470,677 million (\$13,839,066 thousand) and ¥1,413,077 million as of March 31, 2018 and 2017, respectively.

## 27. Deferred Tax Assets and Liabilities

(1) Deferred Tax Assets and Liabilities consisted of the following:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Deferred Tax Assets:</b>			
Tax Losses Carried Forward	¥200,319	¥452,166	\$1,885,008
Devaluation of Securities	118,545	135,401	1,115,516
Reserves for Possible Losses on Loans	103,664	158,222	975,486
Securities Contributed to Employee Retirement Benefit Trust	191,136	191,895	1,798,598
Other	255,594	205,790	2,405,146
<b>Deferred Tax Assets Subtotal:</b>	<b>869,262</b>	<b>1,143,476</b>	<b>8,179,754</b>
Valuation Allowance	(299,189)	(580,700)	(2,815,368)
<b>Total</b>	<b>¥570,073</b>	<b>¥562,776</b>	<b>\$5,364,386</b>
<b>Deferred Tax Liabilities:</b>			
Net Unrealized Gains on Other Securities	¥(516,747)	¥(468,793)	\$(4,862,589)
Net Defined Benefit Asset	(305,717)	(243,814)	(2,876,803)
Other	(120,770)	(131,902)	(1,136,452)
<b>Total</b>	<b>¥(943,236)</b>	<b>¥(844,510)</b>	<b>\$(8,875,844)</b>
<b>Net Deferred Tax Assets</b>	<b>¥(373,162)</b>	<b>¥(281,734)</b>	<b>\$(3,511,458)</b>

Note: MHFG and domestic subsidiaries are subject to a number of different income taxes.

(2) For the fiscal years ended March 31, 2018 and 2017, the reconciliation of the statutory tax rate of MHFG to the effective income tax rate was as follows:

For the Fiscal Year ended March 31,	2018	2017
<b>Statutory Tax Rate</b>	<b>30.86%</b>	<b>30.86%</b>
<b>Adjustments</b>		
Change in Valuation Allowance	(4.91)	7.66
Permanent Differences (e.g., Cash Dividends Received)	(1.18)	(0.96)
Tax Rate Differences between the Consolidated Subsidiaries	(1.95)	(2.59)
Impact of corporate restructuring in overseas group companies	—	(17.00)
Other	1.13	(0.41)
<b>Effective Income Tax Rate</b>	<b>23.95%</b>	<b>17.56%</b>

(3) The revision of the amount of deferred tax assets and deferred tax liabilities due to the change in tax rate of the corporate tax, etc:

The Tax Reform Act was enacted on December 22, 2017 in the U.S.A. and the federal corporate tax rate applied to MHFG's consolidated subsidiaries in the U.S.A. has been lowered from 35% to 21% from January 1, 2018. As a result of this change in the tax rate, Deferred Tax Assets decreased by ¥7,715 million (\$72,600 thousand), Deferred Tax Liabilities decreased by ¥1,008 million (\$9,492 thousand), and Deferred Income Taxes increased by ¥6,706 million (\$63,108 thousand).

## 28. Revaluation of Land

In accordance with the Land Revaluation Law (Proclamation No.34 dated March 31, 1998), land used for business operations of domestic consolidated banking subsidiaries was revalued. The applicable income taxes on the entire excess of revaluation are included in Deferred Tax Liabilities for Revaluation Reserve for Land under Liabilities, and the remainder, net of applicable income taxes, is stated as Revaluation Reserve for Land included in Net Assets.

Revaluation date: March 31, 1998

Revaluation method as stated in Article 3, Paragraph 3 of the above law: Land used for business operations was revalued by calculating the value on the basis of the valuation by road rating stipulated in Article 2, Paragraph 4 of the Enforcement Ordinance relating to the Land Revaluation Law (Government Ordinance No.119 promulgated on March 31, 1998) with reasonable adjustments to compensate for sites with long depth and other factors, and also on the basis of the appraisal valuation stipulated in Paragraph 5.

The difference at the consolidated balance sheet date between the total fair value of land for business operation purposes, which has been revalued in accordance with Article 10 of the above-mentioned law, and the total book value of the land after such revaluation was ¥100,007 million (\$941,070 thousand) and ¥117,950 million as of March 31, 2018 and 2017, respectively.

## 29. Common Stock and Preferred Stock

Common Stock and Preferred Stock at March 31, 2018 and 2017 were as follows:

As of March 31, 2018 Class of stock	Number of shares		Per share (Yen)		Liquidation value	Convertible or not	With Redemption or not
	Authorized*2	Issued and outstanding*1	Interim cash dividend	Year-end cash dividend			
Common Stock	48,000,000,000	25,389,644,945	¥3.75	¥3.75	¥—	No	No

Notes: 1. Treasury Stock is included. The number is as follows:

Common Stock 6,487 thousand shares

2. Each total number of other shares which are authorized to be issued is as follows:

First Series Class XIV Preferred Stock 900,000 thousand shares

Second Series Class XIV Preferred Stock 900,000 thousand shares

Third Series Class XIV Preferred Stock 900,000 thousand shares

Fourth Series Class XIV Preferred Stock 900,000 thousand shares

First Series Class XV Preferred Stock 900,000 thousand shares

Second Series Class XV Preferred Stock 900,000 thousand shares

Third Series Class XV Preferred Stock 900,000 thousand shares

Fourth Series Class XV Preferred Stock 900,000 thousand shares

First Series Class XVI Preferred Stock 1,500,000 thousand shares

Second Series Class XVI Preferred Stock 1,500,000 thousand shares

Third Series Class XVI Preferred Stock 1,500,000 thousand shares

Fourth Series Class XVI Preferred Stock 1,500,000 thousand shares

The total number of shares of the First to Fourth Series Class XIV Preferred Stock, which are authorized to be issued, shall not exceed 900,000,000 in total.

The total number of shares of the First to Fourth Series Class XV Preferred Stock, which are authorized to be issued, shall not exceed 900,000,000 in total.

The total number of shares of the First to Fourth Series Class XVI Preferred Stock, which are authorized to be issued, shall not exceed 1,500,000,000 in total.



As of March 31, 2017 Class of stock	Number of shares		Per share (Yen)				Convertible or not	With Redemption or not
	Authorized*2	Issued and outstanding*1	Interim cash dividend	Year-end cash dividend	Liquidation value			
Common Stock	48,000,000,000	25,386,307,945	¥3.75	¥3.75	¥—	No	No	

Notes: 1. Treasury Stock is included. The number is as follows:

Common Stock 6,705 thousand shares

2. All of the shares of the Eleventh Series Class XI Preferred Stock that had not been requested for acquisition by June 30, 2016 were acquired as of July 1, 2016 and all of the shares of the Eleventh Series Class XI were cancelled on July 13, 2016.

Accordingly, the common stock shareholders approved an amendment to the Article of Incorporation accompanied by a decrease in the total number of authorized shares and the total number of authorized shares of the Class XI preferred stock at the Ordinary General Meeting of Shareholders of MHFG held on June 23, 2017.

As a result of the amendment, each total number of other authorized shares, effective on the same day, shall be as follows:

First Series Class XIV Preferred Stock	900,000 thousand shares
Second Series Class XIV Preferred Stock	900,000 thousand shares
Third Series Class XIV Preferred Stock	900,000 thousand shares
Fourth Series Class XIV Preferred Stock	900,000 thousand shares
First Series Class XV Preferred Stock	900,000 thousand shares
Second Series Class XV Preferred Stock	900,000 thousand shares
Third Series Class XV Preferred Stock	900,000 thousand shares
Fourth Series Class XV Preferred Stock	900,000 thousand shares
First Series Class XVI Preferred Stock	1,500,000 thousand shares
Second Series Class XVI Preferred Stock	1,500,000 thousand shares
Third Series Class XVI Preferred Stock	1,500,000 thousand shares
Fourth Series Class XVI Preferred Stock	1,500,000 thousand shares

The total number of shares of the First to Fourth Series Class XIV Preferred Stock, which are authorized to be issued, shall not exceed 900,000,000 in total.

The total number of shares of the First to Fourth Series Class XV Preferred Stock, which are authorized to be issued, shall not exceed 900,000,000 in total.

The total number of shares of the First to Fourth Series Class XVI Preferred Stock, which are authorized to be issued, shall not exceed 1,500,000,000 in total.

### 30. Stock Options

Outline of stock options and changes

**For the fiscal year ended March 31, 2018**

(1) Outline of stock options

As of March 31, 2018	First Series of Stock Acquisition Rights of MHFG		Second Series of Stock Acquisition Rights of MHFG		Third Series of Stock Acquisition Rights of MHFG	
	Number of grantees	Directors	4	Directors	4	Directors
	Executive Officers	4	Executive Officers	4	Executive Officers	4
	Directors of subsidiaries of MHFG	14	Directors of subsidiaries of MHFG	14	Directors of subsidiaries of MHFG	12
	Executive Officers of subsidiaries of MHFG	71	Executive Officers of subsidiaries of MHFG	71	Executive Officers of subsidiaries of MHFG	71
Number of stock options <sup>*1</sup>	Common stock	5,409,000	Common stock	5,835,000	Common stock	6,808,000
Grant date	February 16, 2009		September 25, 2009		August 26, 2010	
Condition for vesting	The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director or an Executive Officer of MHFG, MHBK or MHCB immediately following the date on which such grantee loses the status as a Director or an Executive Officer of MHFG, MHBK or MHCB.					
Required service period	July 1, 2008 to March 31, 2009		April 1, 2009 to March 31, 2010		April 1, 2010 to March 31, 2011	
Exercise period	February 17, 2009 to February 16, 2029		September 28, 2009 to September 25, 2029		August 27, 2010 to August 26, 2030	

As of March 31, 2018	Fourth Series of Stock Acquisition Rights of MHFG		Fifth Series of Stock Acquisition Rights of MHFG		Sixth Series of Stock Acquisition Rights of MHFG	
	Number of grantees	Directors	6	Directors	6	Directors
	Executive Officers	6	Executive Officers	11	Executive Officers	36
	Directors of subsidiaries of MHFG	26	Directors of subsidiaries of MHFG	23	Directors of subsidiaries of MHFG	22
	Executive Officers of subsidiaries of MHFG	130	Executive Officers of subsidiaries of MHFG	150	Executive Officers of subsidiaries of MHFG	134
Number of stock options* <sup>1</sup>	Common stock	12,452,000	Common stock	11,776,000	Common stock	7,932,000
Grant date	December 8, 2011		August 31, 2012		February 17, 2014	
Condition for vesting	The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director or an Executive Officer of MHFG, MHBK, MHC B, MHTB or MHSC immediately following the date on which such grantee loses the status as a Director or an Executive Officer of MHFG, MHBK, MHC B, MHTB or MHSC.				The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director or an Executive Officer of MHFG, MHBK, MHTB or MHSC immediately following the date on which such grantee loses the status as a Director or an Executive Officer of MHFG, MHBK, MHTB or MHSC.	
Required service period	April 1, 2011 to March 31, 2012		April 1, 2012 to March 31, 2013		April 1, 2013 to March 31, 2014	
Exercise period	December 9, 2011 to December 8, 2031		September 3, 2012 to August 31, 2032		February 18, 2014 to February 17, 2034	

As of March 31, 2018	Seventh Series of Stock Acquisition Rights of MHFG	
	Number of grantees	Directors
	Executive Officers as defined in the Companies Act	12
	Executive Officers as defined in our internal regulations	37
	Directors of subsidiaries of MHFG	32
	Executive Officers of subsidiaries of MHFG	113
Number of stock options* <sup>1</sup>	Common stock	9,602,000
Grant date	December 1, 2014	
Condition for vesting	The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director, an Executive Officer as defined in Companies Act or an Executive Officer as defined in our internal regulations of MHFG, MHBK, MHTB or MHSC immediately following the date on which such grantee loses the status as a Director, an Executive Officer as defined in Companies Act or an Executive Officer as defined in our internal regulations of MHFG, MHBK, MHTB or MHSC.	
Required service period	April 1, 2014 to March 31, 2015	
Exercise period	December 2, 2014 to December 1, 2034	

\*1: Shown in number of shares

(2) Size of stock options and changes

(i) Number of stock options (in shares)

For the Fiscal Year ended March 31, 2018	First Series of Stock Acquisition Rights of MHFG	Second Series of Stock Acquisition Rights of MHFG	Third Series of Stock Acquisition Rights of MHFG	Fourth Series of Stock Acquisition Rights of MHFG	Fifth Series of Stock Acquisition Rights of MHFG
Non-vested					
As of March 31, 2017	124,000	220,000	331,000	966,000	2,207,000
Granted	—	—	—	—	—
Forfeited	—	—	—	—	—
Vested	—	—	—	354,000	733,000
Outstanding	124,000	220,000	331,000	612,000	1,474,000
Vested					
As of March 31, 2017	—	—	—	—	—
Vested	—	—	—	354,000	733,000
Exercised	—	—	—	354,000	733,000
Forfeited	—	—	—	—	—
Outstanding	—	—	—	—	—

For the Fiscal Year ended March 31, 2018	Sixth Series of Stock Acquisition Rights of MHFG	Seventh Series of Stock Acquisition Rights of MHFG
Non-vested		
As of March 31, 2017	2,049,000	4,922,000
Granted	—	—
Forfeited	—	—
Vested	744,000	1,772,000
Outstanding	1,305,000	3,150,000
Vested		
As of March 31, 2017	—	—
Vested	744,000	1,772,000
Exercised	744,000	1,772,000
Forfeited	—	—
Outstanding	—	—

Note: The above table is shown in number of shares.

(ii) Price information

As of March 31, 2018	First Series of Stock Acquisition Rights of MHFG	Second Series of Stock Acquisition Rights of MHFG	Third Series of Stock Acquisition Rights of MHFG	Fourth Series of Stock Acquisition Rights of MHFG	Fifth Series of Stock Acquisition Rights of MHFG
Exercise price	¥1 per share	¥1 per share	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	—	—	—	¥205.20	¥205.16
Fair value at grant date	¥190.91 per share	¥168.69 per share	¥119.52 per share	¥91.84 per share	¥113.25 per share

As of March 31, 2018	Sixth Series of Stock Acquisition Rights of MHFG	Seventh Series of Stock Acquisition Rights of MHFG
Exercise price	¥1 per share	¥1 per share
Average stock price upon exercise	¥205.16	¥205.06
Fair value at grant date	¥192.61 per share	¥186.99 per share

(3) Estimated number of stock options to be vested

Only the number of stock options actually forfeited is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

**For the fiscal year ended March 31, 2017**

(1) Outline of stock options

As of March 31, 2017	First Series of Stock		Second Series of Stock		Third Series of Stock	
	Acquisition Rights of MHFG		Acquisition Rights of MHFG		Acquisition Rights of MHFG	
Number of grantees	Directors	4	Directors	4	Directors	4
	Executive Officers	4	Executive Officers	4	Executive Officers	4
	Directors of subsidiaries of MHFG	14	Directors of subsidiaries of MHFG	14	Directors of subsidiaries of MHFG	12
	Executive Officers of subsidiaries of MHFG	71	Executive Officers of subsidiaries of MHFG	71	Executive Officers of subsidiaries of MHFG	71
Number of stock options <sup>*1</sup>	Common stock	5,409,000	Common stock	5,835,000	Common stock	6,808,000
Grant date	February 16, 2009		September 25, 2009		August 26, 2010	
Condition for vesting	The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director or an Executive Officer of MHFG, MHBK or MHCB immediately following the date on which such grantee loses the status as a Director or an Executive Officer of MHFG, MHBK or MHCB.					
Required service period	July 1, 2008 to March 31, 2009		April 1, 2009 to March 31, 2010		April 1, 2010 to March 31, 2011	
Exercise period	February 17, 2009 to February 16, 2029		September 28, 2009 to September 25, 2029		August 27, 2010 to August 26, 2030	

As of March 31, 2017	Fourth Series of Stock Acquisition Rights of MHFG		Fifth Series of Stock Acquisition Rights of MHFG		Sixth Series of Stock Acquisition Rights of MHFG	
	Number of grantees	Directors	6	Directors	6	Directors
	Executive Officers	6	Executive Officers	11	Executive Officers	36
	Directors of subsidiaries of MHFG	26	Directors of subsidiaries of MHFG	23	Directors of subsidiaries of MHFG	22
	Executive Officers of subsidiaries of MHFG	130	Executive Officers of subsidiaries of MHFG	150	Executive Officers of subsidiaries of MHFG	134
Number of stock options* <sup>1</sup>	Common stock	12,452,000	Common stock	11,776,000	Common stock	7,932,000
Grant date	December 8, 2011		August 31, 2012		February 17, 2014	
Condition for vesting	The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director or an Executive Officer of MHFG, MHBK, MHC B, MHTB or MHSC immediately following the date on which such grantee loses the status as a Director or an Executive Officer of MHFG, MHBK, MHC B, MHTB or MHSC.				The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director or an Executive Officer of MHFG, MHBK, MHTB or MHSC immediately following the date on which such grantee loses the status as a Director or an Executive Officer of MHFG, MHBK, MHTB or MHSC.	
Required service period	April 1, 2011 to March 31, 2012		April 1, 2012 to March 31, 2013		April 1, 2013 to March 31, 2014	
Exercise period	December 9, 2011 to December 8, 2031		September 3, 2012 to August 31, 2032		February 18, 2014 to February 17, 2034	

As of March 31, 2017	Seventh Series of Stock Acquisition Rights of MHFG	
	Number of grantees	Directors
	Executive Officers as defined in the Companies Act	12
	Executive Officers as defined in our internal regulations	37
	Directors of subsidiaries of MHFG	32
	Executive Officers of subsidiaries of MHFG	113
Number of stock options* <sup>1</sup>	Common stock	9,602,000
Grant date	December 1, 2014	
Condition for vesting	The grantee may exercise the Stock Acquisition Rights which have been allotted based on his or her capacity as a Director, an Executive Officer as defined in Companies Act or an Executive Officer as defined in our internal regulations of MHFG, MHBK, MHTB or MHSC immediately following the date on which such grantee loses the status as a Director, an Executive Officer as defined in Companies Act or an Executive Officer as defined in our internal regulations of MHFG, MHBK, MHTB or MHSC.	
Required service period	April 1, 2014 to March 31, 2015	
Exercise period	December 2, 2014 to December 1, 2034	

\*1: Shown in number of shares

(2) Size of stock options and changes

(i) Number of stock options (in shares)

For the Fiscal Year ended March 31, 2017	First Series of Stock Acquisition Rights of MHFG	Second Series of Stock Acquisition Rights of MHFG	Third Series of Stock Acquisition Rights of MHFG	Fourth Series of Stock Acquisition Rights of MHFG	Fifth Series of Stock Acquisition Rights of MHFG
Non-vested					
As of March 31, 2016	124,000	325,000	568,000	1,796,000	3,486,000
Granted	—	—	—	—	—
Forfeited	—	—	—	—	—
Vested	—	105,000	237,000	830,000	1,279,000
Outstanding	124,000	220,000	331,000	966,000	2,207,000
Vested					
As of March 31, 2016	—	—	—	—	—
Vested	—	105,000	237,000	830,000	1,279,000
Exercised	—	105,000	237,000	830,000	1,279,000
Forfeited	—	—	—	—	—
Outstanding	—	—	—	—	—

For the Fiscal Year ended March 31, 2017	Sixth Series of Stock Acquisition Rights of MHFG	Seventh Series of Stock Acquisition Rights of MHFG
Non-vested		
As of March 31, 2016	3,560,000	7,331,000
Granted	—	—
Forfeited	—	—
Vested	1,511,000	2,409,000
Outstanding	2,049,000	4,922,000
Vested		
As of March 31, 2016	—	—
Vested	1,511,000	2,409,000
Exercised	1,511,000	2,409,000
Forfeited	—	—
Outstanding	—	—

Note: The above table is shown in number of shares.

(ii) Price information

As of March 31, 2017	First Series of Stock Acquisition Rights of MHFG	Second Series of Stock Acquisition Rights of MHFG	Third Series of Stock Acquisition Rights of MHFG	Fourth Series of Stock Acquisition Rights of MHFG	Fifth Series of Stock Acquisition Rights of MHFG
Exercise price	¥1 per share	¥1 per share	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	—	¥162.80	¥162.80	¥162.80	¥162.67
Fair value at grant date	¥190.91 per share	¥168.69 per share	¥119.52 per share	¥91.84 per share	¥113.25 per share

As of March 31, 2017	Sixth Series of Stock Acquisition Rights of MHFG	Seventh Series of Stock Acquisition Rights of MHFG
Exercise price	¥1 per share	¥1 per share
Average stock price upon exercise	¥162.42	¥162.39
Fair value at grant date	¥192.61 per share	¥186.99 per share

(3) Estimated number of stock options to be vested

Only the number of stock options actually forfeited is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

### 31. Interest Income and Interest Expenses

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Interest Income:			
Loans and Bills Discounted	¥999,385	¥934,108	\$9,404,210
Securities	282,801	279,888	2,661,157
Call Loans and Bills Purchased	5,569	5,234	52,413
Due from Banks	119,839	77,294	1,127,691
Receivables under Resale Agreements	127,923	79,599	1,203,755
Guarantee Deposits Paid under Securities Borrowing Transactions	17,172	13,806	161,594
Other Interest Income	69,662	55,624	655,525
<b>Total</b>	<b>¥1,622,354</b>	<b>¥1,445,555</b>	<b>\$15,266,345</b>
Interest Expenses:			
Deposits	¥373,551	¥269,618	\$3,515,113
Call Money and Bills Sold	4,995	3,234	47,010
Payables under Repurchase Agreements	230,554	120,362	2,169,517
Guarantee Deposits Received under Securities Lending Transactions	5,500	2,793	51,756
Commercial Paper	8,284	7,386	77,957
Borrowed Money	28,285	17,832	266,162
Other Interest Expenses	163,817	156,509	1,541,518
<b>Total</b>	<b>¥814,988</b>	<b>¥577,737</b>	<b>\$7,669,033</b>
<b>Net</b>	<b>¥807,366</b>	<b>¥867,818</b>	<b>\$7,597,312</b>



### 32. Trading Income and Trading Expenses

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Trading Income:			
Net Gains on Trading Securities	¥180,502	¥209,990	\$1,698,532
Net Gains on Derivatives for Trading Transactions	96,113	116,240	904,426
<b>Total</b>	<b>¥276,616</b>	<b>¥326,230</b>	<b>\$2,602,958</b>
Trading Expenses:			
Net Losses on Trading Securities	829	898	7,804
<b>Total</b>	<b>¥829</b>	<b>¥898</b>	<b>\$7,804</b>
<b>Net</b>	<b>¥275,786</b>	<b>¥325,332</b>	<b>\$2,595,154</b>

### 33. Other Operating Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Gains on Foreign Exchange Transactions			
	¥84,187	¥70,213	\$792,201
Gains on Sales of Bonds	70,832	150,722	666,536
Gains on Derivatives other than for Trading or Hedging	12,635	3,737	118,903
Other	136,558	113,603	1,285,018
<b>Total</b>	<b>¥304,214</b>	<b>¥338,276</b>	<b>\$2,862,658</b>

### 34. Other Operating Expenses

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Losses on Sales of Bonds	¥88,755	¥48,016	\$835,184
Losses on Devaluation of Bonds	2,045	1,250	19,252
Other	50,959	43,588	479,531
<b>Total</b>	<b>¥141,760</b>	<b>¥92,856</b>	<b>\$1,333,967</b>

### 35. Other Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Gains on Sales of Stock	¥316,471	¥295,851	\$2,977,991
Reversal of Reserves for Possible Losses on Loans	159,062	—	1,496,777
Gains on Cancellation of Employee Retirement Benefit Trust	26,032	—	244,964
Gains on Step Acquisition	—	56,226	—
Recovery on Written-off Loans	12,203	33,630	114,837
Gains on Disposition of Fixed Assets	3,723	2,588	35,041
Other	48,189	49,746	453,466
<b>Total</b>	<b>¥565,683</b>	<b>¥438,042</b>	<b>\$5,323,076</b>

### 36. Other Expenses

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
System migration-related expenses	¥55,398	¥44,172	\$521,296
Losses on Sales of Stocks	28,092	34,718	264,347
Losses on Impairment of Fixed Assets	6,960	6,651	65,498
Losses on Disposition of Fixed Assets	5,219	5,197	49,117
Provision for Reserves for Possible Losses on Loans	—	61,557	—
Other	96,442	127,071	907,526
<b>Total</b>	<b>¥192,113</b>	<b>¥279,368</b>	<b>\$1,807,784</b>

### 37. Comprehensive Income

Reclassification adjustments and the related tax effects concerning Other Comprehensive Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Net Unrealized Gains on Other Securities:</b>			
The amount arising during the period	¥408,416	¥313,180	\$3,843,195
Reclassification adjustments	(258,697)	(361,830)	(2,434,346)
Before adjustments to tax effects	149,718	(48,649)	1,408,849
The amount of tax effects	(47,385)	37,684	(445,899)
Net Unrealized Gains on Other Securities	102,332	(10,965)	962,950
<b>Deferred Gains or Losses on Hedges:</b>			
The amount arising during the period	(98,763)	(215,077)	(929,367)
Reclassification adjustments	(12,064)	(8,233)	(113,528)
Before adjustments to tax effects	(110,828)	(223,310)	(1,042,895)
The amount of tax effects	33,622	68,152	316,389
Deferred Gains or Losses on Hedges	(77,205)	(155,158)	(726,506)
<b>Revaluation Reserve for Land:</b>			
The amount arising during the period	—	—	—
Reclassification adjustments	—	—	—
Before adjustments to tax effects	—	—	—
The amount of tax effects	(133)	(11)	(1,259)
Revaluation Reserve for Land	(133)	(11)	(1,259)
<b>Foreign Currency Translation Adjustments:</b>			
The amount arising during the period	(10,949)	(12,591)	(103,030)
Reclassification Adjustments	—	77	—
Before adjustments to tax effects	(10,949)	(12,514)	(103,030)
The amount of tax effects	—	—	—
Foreign Currency Translation Adjustments	(10,949)	(12,514)	(103,030)
<b>Remeasurements of Defined Benefit Plans:</b>			
The amount arising during the period	216,314	96,080	2,035,517
Reclassification Adjustments	(141)	38,699	(1,333)
Before adjustments to tax effects	216,172	134,780	2,034,184
The amount of tax effects	(66,699)	(41,191)	(627,639)
Remeasurements of Defined Benefit Plans	149,473	93,588	1,406,545
<b>Share of Other Comprehensive Income of Associates Accounted for Using Equity Method:</b>			
The amount arising during the period	(6,284)	(3,266)	(59,136)
The total amount of Other Comprehensive Income	¥157,233	¥(88,326)	\$1,479,564

## 38. Changes in Net Assets

For the fiscal year ended March 31, 2018

(i) Types and number of issued shares and of treasury stock are as follows:

	Thousands of Shares					Remarks
	As of April 1, 2017	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2018		
<b>Issued shares</b>						
Common stock	25,386,307	3,337	—	25,389,644		*1
<b>Total</b>	<b>25,386,307</b>	<b>3,337</b>	<b>—</b>	<b>25,389,644</b>		
<b>Treasury stock</b>						
Common stock	19,992	12,018	7,181	24,829		*2
<b>Total</b>	<b>19,992</b>	<b>12,018</b>	<b>7,181</b>	<b>24,829</b>		

\*1 Increases are due to exercise of stock acquisition rights (stock options) (3,337 thousand shares).

\*2 Increases are due to acquisition of treasury stock by BBT trust account (8,130 thousand shares) and repurchase of shares constituting less than one unit and other factors (3,888 thousand shares). Decreases are due to distribution of treasury stock through BBT trust account (3,810 thousand shares), exercise of stock acquisition rights (stock options) (266 thousand shares), and repurchase of shares constituting less than one unit and other factors (3,104 thousand shares). The number of shares as of March 31, 2018 includes the number of treasury stock held by BBT trust account (13,319 thousand shares).

(ii) Stock acquisition rights and treasury stock acquisition rights are as follows:

Category	Breakdown of stock acquisition rights	Class of shares to be issued or transferred upon exercise of stock acquisition rights	Number of shares to be issued or transferred upon exercise of stock acquisition rights (Shares)				As of March 31, 2018	Balance as of March 31, 2018 (Millions of yen)	Balance as of March 31, 2018 (Thousands of U.S.dollars)	Remarks
			As of April 1, 2017	Increase during the fiscal year	Decrease during the fiscal year					
MHFG	Stock acquisition rights (Treasury stock acquisition rights)	—	—	—	—	—	¥—	\$—		
	Stock acquisition rights as stock option						1,163	10,952		
Consolidated subsidiaries (Treasury stock acquisition rights)							—	—		
<b>Total</b>							<b>¥1,163</b>	<b>\$10,952</b>		

(iii) Cash dividends distributed by MHFG are as follows (non-consolidated basis):

Cash dividends paid during the fiscal year ended March 31, 2018

Resolution	Type	Cash Dividends (Millions of yen)	Cash Dividends (Thousands of U.S. dollars)	Cash Dividends per Share (Yen)	Cash Dividends per Share (U.S. dollars)	Record Date	Effective Date
May 15, 2017 (The Board of Directors)	Common Stock	¥95,173	\$895,582	¥3.75	\$0.04	March 31, 2017	June 5, 2017
November 13, 2017 (The Board of Directors)	Common Stock	¥95,186	\$895,707	¥3.75	\$0.04	September 30, 2017	December 5, 2017
<b>Total</b>		<b>¥190,360</b>	<b>\$1,791,289</b>	/	/		

(Notes) 1. Cash dividends based on the resolution of the Board of Directors held on May 15, 2017 include 33 million of cash dividends on treasury stock held by BBT trust account.

2. Cash dividends based on the resolution of the Board of Directors held on November 13, 2017 include 49 million of cash dividends on treasury stock held by BBT trust account.

Cash dividends with record dates falling in the fiscal year ended March 31, 2018 and effective dates coming after the end of the fiscal year

Resolution	Type	Cash Dividends (Millions of yen)	Cash Dividends (Thousands of U.S. dollars)	Resource of Dividends	Cash Dividends per Share (Yen)	Cash Dividends per Share (U.S. dollars)	Record Date	Effective Date
May 15, 2018 (The Board of Directors)	Common Stock	¥95,186	\$895,708	Retained Earnings	¥3.75	\$0.04	March 31, 2018	June 4, 2018
<b>Total</b>		<b>¥95,186</b>	<b>\$895,708</b>		/	/		

(Note) Cash dividends based on the resolution of the Board of Directors held on May 15, 2018 include 49 million of cash dividends on treasury stock held by BBT trust account.

**For the fiscal year ended March 31, 2017**

(i) Types and number of issued shares and of treasury stock are as follows:

	Thousands of Shares				Remarks
	As of April 1, 2016	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2017	
<b>Issued shares</b>					
Common stock	25,030,525	355,782	—	25,386,307	*1
Eleventh Series Class XI Preferred Stock	914,752	—	914,752	—	*2
<b>Total</b>	<b>25,945,277</b>	<b>355,782</b>	<b>914,752</b>	<b>25,386,307</b>	
<b>Treasury stock</b>					
Common stock	10,929	12,188	3,125	19,992	*3
Eleventh Series Class XI Preferred Stock	815,828	98,923	914,752	—	*4
<b>Total</b>	<b>826,757</b>	<b>111,112</b>	<b>917,877</b>	<b>19,992</b>	

\*1 Increases are due to request for acquisition (conversion) of preferred stock (349,677 thousand shares) and exercise of stock acquisition rights (stock options) (6,105 thousand shares).

\*2 Decreases are due to cancellation of treasury stock (preferred stock).

\*3 Increases are due to acquisition of treasury stock by BBT trust account (9,000 thousand shares) and repurchase of shares constituting less than one unit and other factors (3,188 thousand shares). Decreases are due to exercise of stock acquisition rights (stock options) (266 thousand shares) and repurchase of shares constituting less than one unit and other factors (2,859 thousand shares). The number of shares as of March 31, 2017 includes the number of treasury stock held by BBT trust account (9,000 thousand shares).

\*4 Increases are due to acquisition of treasury stock (preferred stock) (75,091 thousand shares) and request for acquisition (conversion) of preferred stock (23,832 thousand shares). Decreases are due to cancellation of treasury stock (preferred stock).

(ii) Stock acquisition rights and treasury stock acquisition rights are as follows:

Category	Breakdown of stock acquisition rights	Class of shares to be issued or transferred upon exercise of stock acquisition rights	Number of shares to be issued or transferred upon exercise of stock acquisition rights (Shares)				Balance as of March 31, 2017 (Millions of yen)	Remarks
			As of April 1, 2016	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2017		
MHFG	Stock acquisition rights (Treasury stock acquisition rights)	—	— (—)	— (—)	— (—)	— (—)	¥— (—)	
	Stock acquisition rights as stock option			—			1,754	
	Consolidated subsidiaries (Treasury stock acquisition rights)			—			— (—)	
<b>Total</b>				—			<b>¥1,754 (—)</b>	

(iii) Cash dividends distributed by MHFG are as follows (non-consolidated basis):

Cash dividends paid during the fiscal year ended March 31, 2017

Resolution	Type	Cash Dividends (Millions of yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
May 13, 2016	Common Stock	¥93,838	¥3.75	March 31, 2016	June 3, 2016
(The Board of Directors)	Eleventh Series Class XI Preferred Stock	989	10	March 31, 2016	
November 14, 2016	Common Stock	¥95,173	¥3.75	September 30, 2016	December 6, 2016
(The Board of Directors)					
<b>Total</b>		<b>¥190,001</b>	<b>/</b>		

(Note) Cash dividends based on the resolution of the Board of Directors held on November 14, 2016 include 33 million of cash dividends on treasury stock held by BBT trust account.

Cash dividends with record dates falling in the fiscal year ended March 31, 2017 and effective dates coming after the end of the fiscal year

Resolution	Type	Cash Dividends (Millions of yen)	Resource of Dividends	Cash Dividends per Share (Yen)	Record Date	Effective Date
May 15 2017	Common Stock	¥95,173	Retained Earnings	¥3.75	March 31, 2017	June 5, 2017
(The Board of Directors)						
<b>Total</b>		<b>¥95,173</b>		<b>/</b>		

(Note) Cash dividends based on the resolution of the Board of Directors held on May 15, 2017 include 33 million of cash dividends on treasury stock held by BBT trust account.

### 39. Cash Flows

Cash and Cash Equivalents on the consolidated statement of cash flows reconciles to Cash and Due from Banks on the consolidated balance sheet as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash and Due from Banks	¥47,725,360	¥47,129,583	\$449,095,331
Less: Due from Banks excluding due from Central Banks	(1,391,026)	(1,605,919)	(13,089,552)
<b>Cash and Cash Equivalents</b>	<b>¥46,334,334</b>	<b>¥45,523,663</b>	<b>\$436,005,779</b>

### 40. Lease Transactions

#### Finance Leases (Lessees)

Finance lease transactions that do not transfer ownership:

(1) Lease Assets:

- Tangible fixed assets: mainly equipment
- Intangible fixed assets: software

(2) The method for computing the amount of depreciation is described in "5 Standards of Accounting Method (8) Lease Assets."

#### Operating Leases

The future lease payments subsequent to the end of the fiscal year for non-cancelable operating lease transactions are summarized as follows:

#### Lessees:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Due in One Year or Less	¥51,996	¥52,279	\$489,286
Due after One Year	193,996	211,127	1,825,505
<b>Total</b>	<b>¥245,992</b>	<b>¥263,407</b>	<b>\$2,314,791</b>

#### Lessors:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Due in One Year or Less	¥632	¥1,113	\$5,954
Due after One Year	7,267	9,712	68,383
<b>Total</b>	<b>¥7,899</b>	<b>¥10,825</b>	<b>\$74,337</b>

## **41. Financial Instruments**

### **1. Matters Relating to the Conditions of Financial Instruments**

#### **(1) Policy on Financial Instruments**

Mizuho Financial Group (MHFG), which primarily engages in banking business, incurs financial liabilities such as customer deposits and market deposits on the funding side while holding financial assets such as customer loans, stocks and bonds on the investment side, and also engages in trading business for certain financial products. Some consolidated subsidiaries conduct securities business and other financial business.

For above funding and investment business, MHFG appropriately manages risks of each financial instrument and carefully watches term-gaps and other risk factors.

#### **(2) Contents and Risk of Financial Products**

The main financial assets of the Mizuho group consist of loans to customers, government bonds and stocks. These financial assets are subject to various types of risk that may cause the Group to incur losses due to a decline in, or total loss of, the value of assets, as a result of deterioration in a counterparty's and/or an issuer's financial position ("credit risk"), or due to a decline in the value of assets caused by fluctuations in interest rates, stock prices and foreign exchange rates and so on ("market risk"). The Group may also be exposed to the risk of incurring losses when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual ("market liquidity risk").

The main financing source of the Mizuho group is a stable source of deposits from its customers in addition to direct funding from the financial market. These financing sources are subject to the risk of losses ("liquidity risk") arising from funding difficulties due to market disruption or a deterioration in our financial position that makes it difficult for us to raise the necessary funds or that forces us to raise funds at significantly higher interest rates than usual.

In addition, the Mizuho group uses derivative financial products to control the interest rate risk related to the assets and liabilities of the Group, as part of our asset and liability management ("ALM"). The Group primarily utilizes the portfolio hedge by grouping numerous financial assets and liabilities such as loans and deposits into similar interest risk units in accordance with risk management policies. Some derivative products like interest rate swaps are used as hedging methods for cash-flow hedges or fair value hedges. The Group applies hedge accounting to the majority of these products, treating them as deferred hedges. The effectiveness of the hedges is assessed periodically by regression analysis and other methods to ensure whether the derivative financial products effectively work in order to offset the exposure to changes in fair value and variable cash flows from hedged items. It should be noted that the Mizuho Group uses derivative financial products for trading purposes and so on as well.

#### **(3) Risk Management for Financial Products**

##### **(a) Commitment to Risk Management**

We recognize the conducting of operations tailored to the risks and managing such risks as a key issue relating to overall management. In order to implement our business strategy while maintaining our financial stability, we maintain comprehensive risk management and control measures.

We maintain basic policies for risk management established by our board of directors that are applicable to the entire Mizuho group. These policies clearly define the kinds of risks to be managed, set forth the organizational structure and provide for the human resources training necessary for appropriate levels of risk management. The policies also provide for audits to measure the effectiveness and suitability of the risk management structure. In line with these basic policies, we maintain various measures to strengthen and enhance the sophistication of our risk management system.

##### **(b) General Concept of Risk Management**

We classify our risk exposures according to the various kinds of risk, including credit risk, market risk, liquidity risk and operational risk, and manage each type of risk according to its characteristics.

In addition to managing each type of risk individually, we have established a risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses to keep risk within limits that are managerially acceptable in both qualitative and quantitative terms.

More specifically, we allocate risk capital to core group companies, including their respective subsidiaries, to control risk within the limits set for each company. We also control risk within managerially acceptable limits by



working to ensure that the overall risk we hold on a consolidated basis does not exceed the Group's financial strength. To ensure the ongoing financial health of Mizuho Financial Group, we regularly monitor the manner in which risk capital is being used in order to obtain a proper grasp of the risk profile within this framework. Reports are also submitted to the board of directors and other committees of each company.

(c) Credit Risk Management

The board of directors of Mizuho Financial Group determines basic matters pertaining to credit risk management. In addition, we have established the Risk Management Committee, as one of its business policy committees. This committee broadly discusses and coordinates basic policy in connection with credit risk management and matters in connection with overall credit portfolio management and credit risk monitoring for the Mizuho group. Under the control of the Chief Risk Officer of Mizuho Financial Group, the Credit Risk Management Department and the Risk Management Department jointly monitor, analyze and submit suggestions concerning credit risk and formulate and execute plans in connection with basic matters pertaining to credit risk management.

We have adopted two different but mutually complementary approaches in credit risk management. The first approach is "credit management," in which we manage the process for each individual transaction and individual obligor from execution until collection, based on our assessment of the credit quality of the customer. Through this process, we curb losses in the case of a credit event. The second is "credit portfolio management," in which we utilize statistical methods to assess the potential for losses related to credit risk. Through this process, we identify credit risk and respond appropriately.

We use statistical methods to manage the possibility of losses by measuring the expected average loss for a one-year risk horizon ("expected loss") and the maximum loss within a certain confidence interval ("credit VAR"). The difference between expected loss and credit VAR is measured as the credit risk amount ("unexpected loss"). We recognize two types of risk arising from allowing unexpected loss to become too large. One type is "credit concentration risk," which stems from granting excessive credit to certain individual counterparties or corporate groups. The other type is "chain-reaction default risk," which arises from granting excessive credit to certain areas, industrial sectors and other groupings. We manage these risks appropriately in line with our specific guidelines for each.

The board of directors of each of our principal banking subsidiaries and other core group companies determines key matters pertaining to credit risk by establishing their respective basic policies in line with the basic policies for credit risk management set forth by Mizuho Financial Group. Their respective business policy committees are responsible for discussing and coordinating overall management of their individual credit portfolios and transaction policies towards obligors.

The chief risk officer of each principal banking subsidiary and core group company is responsible for matters relating to planning and implementing credit risk management. Departments in charge of credit risk management are responsible for planning and administering credit risk management and conducting credit risk measuring and monitoring. Credit Departments determine policies and approves/disapproves individual transactions regarding review and management of and collection from customers in accordance with the lines of authority set forth by each principal banking subsidiary. In addition, each of our principal banking subsidiaries has also established internal audit groups that are independent of the business departments in order to ensure appropriate credit risk management.

(d) Market Risk Management

The board of directors of Mizuho Financial Group determines basic matters pertaining to market risk management policies. In addition, we have established the Risk Management Committee, as one of its business policy committees. The committee broadly discusses and coordinates matters concerning basic policy and operations in connection with market risk management and market risk monitoring, and proposes measures to be taken in emergencies such as sudden market changes.

The Chief Risk Officer of Mizuho Financial Group is responsible for matters relating to market risk management planning and operations. The Risk Management Department of Mizuho Financial Group is responsible for monitoring market risk, reports and analyses, proposals, setting limits and guidelines, and formulating and implementing plans relating to market risk management. In addition, the department assesses and manages the overall market risk of the Mizuho group as a whole and keeps track of the market risk situation of our principal banking subsidiaries and other core group companies. The department also submits reports to the President & CEO on a daily basis and to our board of directors and the executive management committee of Mizuho Financial Group on a regular basis.

To manage market risk, we set limits that correspond to risk capital allocations. The amount of risk capital allocated to market risk corresponds to VAR and additional costs that may arise in order to close relevant positions.

For trading and banking activities, we set limits for VAR and for losses. For banking activities, we set position limits based on interest rate sensitivity as needed.

The board of directors of each of our principal banking subsidiaries and other core group companies determine key matters pertaining to market risk by establishing their respective basic policies in line with the basic policies for market risk management set forth by Mizuho Financial Group. Based on a common Mizuho Group risk capital allocation framework, the above-mentioned companies manage market risk by setting limits according to the risk capital allocated to market risk by Mizuho Financial Group. They have the same market risk management structure as the Mizuho Financial Group, such as their business policy committees being responsible for overall discussion and coordination of the market risk management.

In addition, they have established middle offices specializing in risk management that are independent of their front offices, which engage in market transactions, and their back offices, which are responsible for book entries and settlements. This system enables them to achieve mutual checks and control over market operations.

When VAR is not adequate to control risk, the middle offices manage risk using additional risk indices such as 10 BPV (Basis Point Value), carry out stress tests and set stop loss limits as needed.

(e) Situation of Market Risk

i. Banking Business

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

For the Fiscal Years ended March 31,	Billions of yen		Thousands of U.S. dollars
	2018	2017	2018
As of fiscal year end	¥268.4	¥292.7	\$2,525,927
Maximum	307.2	397.5	2,891,486
Minimum	210.8	247.4	1,983,756
Average	267.8	331.0	2,520,486

[Definition of Banking Business]

The following transactions are categorized as banking business, with trading business and cross-shareholdings being categorized separately.

(1) Deposits and loans as well as related funding activities, and hedge against interest rate risk.

(2) Equity (excluding cross-shareholdings), bonds, investment trusts, etc. and hedges against related market risk.

The core deposit of liquid deposits is to be specified and incorporated into the measurement of market risk.

Banking business VAR used to calculate Market Risk Equivalent is based on the following:

- VAR : historical simulation method;
- confidence interval: one-tailed 99%;
- holding period of one month ; and
- historical observation period of three years.

ii. Trading Business

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

For the Fiscal Years ended March 31,	Billions of yen		Thousands of U.S. dollars
	2018	2017	2018
As of fiscal year end	¥3.0	¥2.6	\$28,485
Maximum	6.2	5.8	58,850
Minimum	2.2	2.3	20,879
Average	3.0	3.3	28,823

[Definition of Trading Business]

- (1) Transactions held for the purpose of short-term resale.
- (2) Transactions held for the purpose of making a profit from price fluctuations over a short period as well as fixing a profit from arbitrage activities.
- (3) Deals that have both aspects of (1) and (2) above.
- (4) Deals held for broking business or market making business.

Trading business VAR used to calculate Market Risk Equivalent is based on the following:

- VAR: historical simulation method;
- confidence interval: one-tailed 99%;
- holding period of one trading day; and
- historical observation period of three years.

iii. Cross-shareholdings

For cross-shareholdings, we take the same market risk management approach as that for Banking and Trading businesses with the use of VAR and risk indices.

The risk index for the cross-shareholdings (sensitivity of the portfolio to a 1% change in the equity index of TOPIX) is ¥33.0 billion (\$311,205 thousand) and ¥31.7 billion for the fiscal years ended March 31, 2018 and 2017, respectively.

iv. Risk management using VAR

VAR is a commonly used market risk management technique with statistical assumptions to measure maximum possible loss in the market, which will be incurred to the holding portfolio in a certain period with some probability. It should be noted that in general VAR model has the following shortcomings:

- VAR estimates could differ by assumptions of holding period, confidence interval level and approaches for the measurement.
- VAR which is calculated based on historical data does not necessarily indicate an accurate future possible maximum loss.
- VAR might underestimate the probability of extreme market movements when the market gets inactive as VAR assumes sales of holding portfolio and hedges in the market during the holding period for the calculation.
- The use of a 99% confidence level neither takes account of, nor makes any statement about, any losses that might occur beyond this confidence level.

The historical simulation method used as the measurement technique of VAR assumes that change in a market movement follows an empirical distribution. Therefore, the model might underestimate the risk under the circumstance that the market is likely to move extremely beyond the assumption. We check the validity of the market risk measurement made by VAR approach periodically by the back-test which compares VAR with actual profit and loss. In addition to VAR, we make a wide variety of management and controls such as risk indices monitoring, implementation of stress tests, loss limit monitoring in order to make strict risk management by capturing carefully all risks, including what VAR approach is not able to cover.

(f) Liquidity Risk Management

Our liquidity risk management structure is generally the same as the market risk management structure described above ("Item (d) Market Risk Management"). However, the head of the Financial Control & Accounting Group of Mizuho Financial Group is additionally responsible for matters relating to planning and running cash flow management operations, while the Financial Planning Department is responsible for monitoring and adjusting

the cash flow management situation and for planning and implementing cash flow management. Reports on the cash flow situation are submitted to the Risk Management Committee, the Balance Sheet Management Committee, the executive management committee and the President & CEO.

We measure liquidity risk using indices pertaining to cash flow, such as limits on funds raised in the market. Limits on liquidity risk are discussed and coordinated by the Risk Management Committee, discussed further by the executive management committee and determined by the President & CEO. We have established classifications for the cash flow conditions affecting the Group, ranging from “normal” to “anxious” and “crisis,” and have established procedures for dealing with cases which are deemed to fall into the “anxious” or “crisis” categories. In addition, we have constructed a system under which we will be able to respond smoothly in the event of emergency situations that affect our funding by establishing action plans.

**(4) Supplementary Explanation of Matters Relating to Fair Value of Financial Instruments and Others**

Fair values of financial instruments include the values based on market prices, and the values deemed as market prices obtained by the reasonable estimate when the financial instruments do not have market prices. Since certain assumptions and others are adopted for calculating such values, they may differ when adopting different assumptions and others.

## 2. Matters Relating to Fair Value of Financial Instruments and Others

The following are the consolidated balance sheet amounts, fair values and differences between them as of March 31, 2018 and 2017. Unlisted stocks and others, the fair values of which are extremely difficult to determine, are excluded from the table below (see (Note 2)).

	Millions of yen		
As of March 31, 2018	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks *1	¥47,723,757	¥47,723,757	¥—
(2) Call Loans and Bills Purchased *1	714,870	714,870	—
(3) Receivables under Resale Agreements	8,080,873	8,080,873	—
(4) Guarantee Deposits Paid under Securities Borrowing Transactions	4,350,527	4,350,527	—
(5) Other Debt Purchased *1	2,713,345	2,713,347	1
(6) Trading Assets			
Trading Securities	5,188,400	5,188,400	—
(7) Money Held in Trust *1	336,203	336,203	—
(8) Securities			
Bonds Held to Maturity	2,515,830	2,521,846	6,016
Other Securities	31,103,130	31,103,130	—
(9) Loans and Bills Discounted	79,421,473		
Reserves for Possible Losses on Loans *1	(275,439)		
	79,146,034	80,053,839	907,804
<b>Total Assets</b>	<b>¥181,872,972</b>	<b>¥182,786,795</b>	<b>¥913,822</b>
(1) Deposits	¥125,081,233	¥125,063,500	¥(17,733)
(2) Negotiable Certificates of Deposit	11,382,590	11,382,089	(500)
(3) Call Money and Bills Sold	2,105,293	2,105,293	—
(4) Payables under Repurchase Agreements	16,656,828	16,656,828	—
(5) Guarantee Deposits Received under Securities Lending Transactions	1,566,833	1,566,833	—
(6) Trading Liabilities			
Securities Sold, Not yet Purchased	3,185,101	3,185,101	—
(7) Borrowed Money	4,896,218	4,886,962	(9,256)
(8) Bonds and Notes	7,544,256	7,591,266	47,009
(9) Due to Trust Accounts	4,733,131	4,733,131	—
<b>Total Liabilities</b>	<b>¥177,151,488</b>	<b>¥177,171,007</b>	<b>¥19,519</b>
Derivative Transactions *2			
Derivative Transactions not Qualifying for Hedge Accounting	¥267,784		
Derivative Transactions Qualifying for Hedge Accounting	234,783		
Reserves for Derivative Transactions *1	(1,355)		
<b>Total Derivative Transactions</b>	<b>¥501,212</b>	<b>¥501,212</b>	<b>¥—</b>

\*1 General and specific reserves for possible losses on loans relevant to Loans and Bills Discounted and reserves for derivative transactions are excluded. Reserves for Cash and Due from Banks, Call Loans and Bills Purchased, Other Debt Purchased, Money Held in Trust and others are directly written off against the consolidated balance sheet amount due to immateriality.

\*2 Derivative Transactions recorded in Trading Assets, Trading Liabilities, Derivatives other than for Trading Assets, Derivatives other than for Trading Liabilities, and others are presented as a lump sum. Net claims and debts that arose from derivative transactions are presented on a net basis, and the item that is net debts in total is presented in brackets.

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Millions of yen

As of March 31, 2017	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks *1	¥47,127,865	¥47,127,865	¥—
(2) Call Loans and Bills Purchased *1	1,034,901	1,034,901	—
(3) Receivables under Resale Agreements	8,967,777	8,967,777	—
(4) Guarantee Deposits Paid under Securities Borrowing Transactions	3,350,051	3,350,051	—
(5) Other Debt Purchased *1	2,744,844	2,744,847	3
(6) Trading Assets Trading Securities	4,800,408	4,800,408	—
(7) Money Held in Trust *1	247,080	247,080	—
(8) Securities Bonds Held to Maturity	3,815,674	3,846,718	31,043
Other Securities	27,946,221	27,946,221	—
(9) Loans and Bills Discounted Reserves for Possible Losses on Loans *1	78,337,793 (433,661)		
	77,904,132	78,916,087	1,011,955
<b>Total Assets</b>	<b>¥177,938,958</b>	<b>¥178,981,961</b>	<b>¥1,043,002</b>
(1) Deposits	¥120,045,217	¥120,044,703	¥(514)
(2) Negotiable Certificates of Deposit	10,631,277	10,631,008	(268)
(3) Call Money and Bills Sold	1,255,172	1,255,172	—
(4) Payables under Repurchase Agreements	17,969,753	17,969,753	—
(5) Guarantee Deposits Received under Securities Lending Transactions	1,679,300	1,679,300	—
(6) Trading Liabilities Securities Sold, Not yet Purchased	2,221,541	2,221,541	—
(7) Borrowed Money	6,307,230	6,281,775	(25,454)
(8) Bonds and Notes	7,564,535	7,626,076	61,541
(9) Due to Trust Accounts	4,784,077	4,784,077	—
<b>Total Liabilities</b>	<b>¥172,458,105</b>	<b>¥172,493,409</b>	<b>¥35,303</b>
Derivative Transactions *2 Derivative Transactions not Qualifying for Hedge Accounting	¥[119,961]		
Derivative Transactions Qualifying for Hedge Accounting	302,350		
Reserves for Derivative Transactions *1	(4,466)		
<b>Total Derivative Transactions</b>	<b>¥177,922</b>	<b>¥177,922</b>	<b>¥—</b>

\*1 General and specific reserves for possible losses on loans relevant to Loans and Bills Discounted and reserves for derivative transactions are excluded. Reserves for Cash and Due from Banks, Call Loans and Bills Purchased, Other Debt Purchased, Money Held in Trust and others are directly written off against the consolidated balance sheet amount due to immateriality.

\*2 Derivative Transactions recorded in Trading Assets, Trading Liabilities, Derivatives other than for Trading Assets, Derivatives other than for Trading Liabilities, and others are presented as a lump sum. Net claims and debts that arose from derivative transactions are presented on a net basis, and the item that is net debts in total is presented in brackets.

	Thousands of U.S. dollars		
As of March 31, 2018	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks *1	\$449,080,240	\$449,080,240	\$—
(2) Call Loans and Bills Purchased *1	6,726,928	6,726,928	—
(3) Receivables under Resale Agreements	76,040,970	76,040,970	—
(4) Guarantee Deposits Paid under Securities Borrowing Transactions	40,938,430	40,938,430	—
(5) Other Debt Purchased *1	25,532,560	25,532,578	18
(6) Trading Assets			
Trading Securities	48,822,813	48,822,813	—
(7) Money Held in Trust *1	3,163,672	3,163,672	—
(8) Securities			
Bonds Held to Maturity	23,673,947	23,730,558	56,611
Other Securities	292,680,249	292,680,249	—
(9) Loans and Bills Discounted	747,355,546		
Reserves for Possible Losses on Loans *1	(2,591,880)		
	744,763,666	753,306,103	8,542,437
<b>Total Assets</b>	<b>\$1,711,423,475</b>	<b>\$1,720,022,541</b>	<b>\$8,599,066</b>
(1) Deposits	\$1,177,013,588	\$1,176,846,713	\$(166,875)
(2) Negotiable Certificates of Deposit	107,110,101	107,105,389	(4,712)
(3) Call Money and Bills Sold	19,810,801	19,810,801	—
(4) Payables under Repurchase Agreements	156,740,647	156,740,647	—
(5) Guarantee Deposits Received under Securities Lending Transactions	14,743,895	14,743,895	—
(6) Trading Liabilities			
Securities Sold, Not yet Purchased	29,971,783	29,971,783	—
(7) Borrowed Money	46,073,388	45,986,288	(87,100)
(8) Bonds and Notes	70,991,403	71,433,766	442,363
(9) Due to Trust Accounts	44,538,732	44,538,732	—
<b>Total Liabilities</b>	<b>\$1,666,994,338</b>	<b>\$1,667,178,014</b>	<b>\$183,676</b>
Derivative Transactions *2			
Derivative Transactions not Qualifying for Hedge Accounting	\$2,519,846		
Derivative Transactions Qualifying for Hedge Accounting	2,209,315		
Reserves for Derivative Transactions *1	(12,754)		
<b>Total Derivative Transactions</b>	<b>\$4,716,407</b>	<b>\$4,716,407</b>	<b>\$—</b>

\*1 General and specific reserves for possible losses on loans relevant to Loans and Bills Discounted and reserves for derivative transactions are excluded. Reserves for Cash and Due from Banks, Call Loans and Bills Purchased, Other Debt Purchased, Money Held in Trust and others are directly written off against the consolidated balance sheet amount due to immateriality.

\*2 Derivative Transactions recorded in Trading Assets, Trading Liabilities, Derivatives other than for Trading Assets, Derivatives other than for Trading Liabilities, and others are presented as a lump sum. Net claims and debts that arose from derivative transactions are presented on a net basis, and the item that is net debts in total is presented in brackets.

(Note 1) Calculation method of fair value of financial instruments

### **Assets**

(1) Cash and Due from Banks

For Due from Banks which have no maturity, since fair values of these items approximate book values, we deem the book values to be fair values. For Due from Banks which have maturity, since contractual terms of these items are mainly short (i.e., within six months) and fair values of these items approximate book values, we deem the book values to be fair values.

(2) Call Loans and Bills Purchased, (3) Receivables under Resale Agreements and (4) Guarantee Deposits Paid under Securities Borrowing Transactions

Since contractual terms of these items are mainly short (i.e., within six months) and fair values of these items approximate book values, we deem the book values to be fair values.

(5) Other Debt Purchased

Fair values of Other Debt Purchased are based on the values deemed as market prices obtained by the reasonable estimate such as those obtained from brokers and financial information vendors.

(6) Trading Assets

Fair values of securities held for trading, such as bonds held for trading, are based on the market prices and others.

(7) Money Held in Trust

As to securities managed as trust assets in a directed money trust for separate investment with the management of securities as its primary purpose, fair values of these items are calculated using the method stated in (8). For other Money Held in Trust, since fair values of these items approximate book values, we deem the book values to be fair values.

The notes to Money Held in Trust based on holding purpose are stated in "42.Fair Value of Securities and Money Held in Trust."

(8) Securities

Fair values of stocks are based on the prices on securities exchanges, and those of bonds and others are based on the market prices, valuations obtained from brokers and information vendors and others. Fair values of investment trusts are based on the disclosed net asset value and others. Fair values of private placement bonds are calculated by discounting the total amount of principal and interest and others at interest rates based on the discount rate reflecting expected loss and various risk factors by categories according to the internal ratings and terms.

Fair values of securitized products are based on valuations obtained from brokers and others, and reasonably calculated prices based on the reasonable estimates of our management. In deriving reasonably calculated prices based on the reasonable estimates of our management mentioned above, we used the discounted cash flow method. The price decision variables include default rates, recovery rates, pre-payment rates, and discount rates.

Fair values of Floating-rate Japanese Government Bonds, according to our determination that current market prices may not reflect the fair value, are based on the reasonably calculated prices as book value. In deriving the reasonably calculated prices, we used the discount cash flow method as well as other methods. The price decision variables include the yield of 10-year Japanese Government Bonds and the volatilities of interest rate swap options for 10-year Japanese Government Bonds as underlying assets.

The notes to Securities based on holding purpose are stated in "42.Fair Value of Securities and Money Held in Trust."

(9) Loans and Bills Discounted

Fair values of Loans and Bills Discounted are calculated by the total amount of principal and interest and others at interest rates based on the discount rate reflecting expected loss and various risk factors by categories according to the types, internal ratings and terms of the Loans and Bills Discounted. In addition, as to claims against bankrupt obligors, substantially bankrupt obligors and intensive control obligors, since the estimated amount of bad debts is calculated based on the present value of the expected future cash flows or the estimated amounts that we would be able to collect from collateral and guarantees, fair values approximate the amount of Debentures and others minus the amount of



Reserves for Possible Losses on Loans in the consolidated balance sheet as of the consolidated balance sheet date and we thus deem such amount to be fair values.

Of the Loans and Bills Discounted, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of pledged assets, we deem book values to be fair values since fair values are expected to approximate book values based on the estimated loan periods, interest rates and other conditions.

## **Liabilities**

### **(1) Deposits (2) Negotiable Certificates of Deposit**

For demand deposits, we deem the payment amounts required on the consolidated balance sheet date (i.e., book values) to be fair values. In addition, fair values of fixed deposits and negotiable certificates of deposits are calculated by classifying them based on their terms and by discounting the future cash flows. The discount rates used in such calculations are the interest rates. Since fair values of those whose deposit terms are short (i.e., within six months) approximate book values, we mainly deem the book values to be fair values.

### **(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements and (5) Guarantee Deposits Received under Securities Lending Transactions**

Since contractual terms of these financial instruments are mainly short (i.e., within six months) and fair values approximate book values, we deem the book values to be fair values.

### **(6) Trading Liabilities**

Fair values of Securities Sold, Not yet Purchased in Trading Liabilities are based on the market prices and others.

### **(7) Borrowed Money**

Fair values of Borrowed Money are calculated mainly by discounting the total amount of the principal and interest of such Borrowed Money classified by certain period at the interest rates considered to be applicable to similar loans.

### **(8) Bonds and Notes**

Fair values of Bonds and Notes issued by MHFG and its consolidated subsidiaries are based on the market prices for Bonds and Notes which have market prices, and calculated by discounting the total amount of principal and interest by the interest rates considered to be applicable to similar Bonds and Notes for those which do not have market prices.

### **(9) Due to Trust Accounts**

Due to Trust Accounts of consolidated trust banking subsidiaries is used for transactions in which consolidated trust banking subsidiaries manage fund entrusted to them in bank accounts of consolidated trust banking subsidiaries. As the purpose is considered to approximate demand deposit, we deem the book values to be fair values.

## **Derivative Transactions**

Derivative transactions include interest rate-related transactions (futures, options, swaps and others), currency-related transactions (futures, options, swaps and others), bond-related transactions (futures, futures options and others), and are based on the prices on securities exchanges, discounted value of future cash flows, option pricing models and others.

(Note 2) Consolidated balance sheet amounts of financial instruments whose fair values are deemed to be extremely difficult to determine are indicated below, and are not included in “Assets (5) Other Debt Purchased”, “Assets (7) Money Held in Trust” and “Assets (8) Other Securities” in fair value information of financial instruments.

As of March 31, Category	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(i) Unlisted Stocks *1	¥204,081	¥190,320	\$1,920,404
(ii) Investments in Partnerships and others *2	104,569	86,291	983,997
(iii) Other	1,263	539	11,885
<b>Total *3</b>	<b>¥309,913</b>	<b>¥277,151</b>	<b>\$2,916,286</b>

\*1 We do not treat Unlisted Stocks as being subject to disclosure of fair values as there are no market prices and they are deemed extremely difficult to determine fair values.

\*2 Of the Investments in Partnerships and others, we do not treat those whose assets consist of unlisted stocks and other financial instruments that are deemed extremely difficult to determine fair values as being subject to disclosure of fair values.

\*3 During the fiscal years ended March 31, 2018 and 2017, the amounts of impairment (devaluation) were ¥3,794 million (\$35,711 thousand) and ¥4,823 million, respectively, on a consolidated basis.

(Note 3) Projected redemption amounts after the consolidated balance sheet date for financial assets and securities with maturities

As of March 31, 2018 Types of Financial Instruments	Millions of yen					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from Banks	¥46,715,934	¥200	¥0	¥—	¥—	¥—
Call Loans and Bills Purchased	715,149	—	—	—	—	—
Other Debt Purchased	2,468,141	64,338	40,744	4,573	5,273	129,730
Securities *1	10,525,858	5,374,758	3,753,350	1,824,092	2,949,807	3,069,029
Bonds Held to Maturity	840,000	640,000	100,000	380,000	—	522,783
Japanese Government Bonds	840,000	640,000	100,000	380,000	—	—
Foreign Bonds	—	—	—	—	—	522,783
Other Securities with Maturities	9,685,858	4,734,758	3,653,350	1,444,092	2,949,807	2,546,245
Japanese Government Bonds	6,281,356	3,146,400	1,841,800	355,425	1,494,800	100,000
Japanese Local Government Bonds	31,942	25,480	92,288	57,001	24,141	4,444
Japanese Corporate Bonds	459,476	792,243	488,381	219,019	201,658	790,625
Foreign Bonds	2,887,975	760,999	1,147,715	799,771	1,192,863	1,599,648
Other	25,106	9,635	83,164	12,875	36,343	51,527
Loans and Bills Discounted *2	33,417,990	16,156,883	11,446,603	5,495,875	4,725,641	7,044,731
<b>Total</b>	<b>¥93,843,074</b>	<b>¥21,596,181</b>	<b>¥15,240,697</b>	<b>¥7,324,541</b>	<b>¥7,680,722</b>	<b>¥10,243,490</b>

As of March 31, 2017		Millions of yen					
Types of Financial Instruments	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years	
Due from Banks	¥46,346,741	¥—	¥0	¥—	¥—	¥—	
Call Loans and Bills Purchased	1,035,746	—	—	—	—	—	
Other Debt Purchased	2,380,855	182,930	30,802	6,496	1,199	141,504	
Securities *1	7,822,181	7,948,593	1,854,038	2,333,771	2,923,163	3,230,787	
Bonds Held to Maturity	1,100,000	1,480,000	—	380,000	100,000	708,832	
Japanese Government Bonds	1,100,000	1,480,000	—	380,000	100,000	—	
Foreign Bonds	—	—	—	—	—	708,832	
Other Securities with Maturities	6,722,181	6,468,593	1,854,038	1,953,771	2,823,163	2,521,955	
Japanese Government Bonds	3,144,670	5,030,500	487,100	75,230	1,463,100	—	
Japanese Local Government Bonds	41,305	44,606	56,456	77,059	58,478	548	
Japanese Corporate Bonds	602,805	611,652	350,394	142,663	205,271	760,476	
Foreign Bonds	2,901,555	742,863	934,986	1,602,879	1,071,954	1,716,058	
Other	31,845	38,970	25,100	55,938	24,358	44,871	
Loans and Bills Discounted *2	31,782,483	16,083,902	12,194,119	5,139,898	4,706,564	7,256,890	
<b>Total</b>	<b>¥89,368,008</b>	<b>¥24,215,426</b>	<b>¥14,078,960</b>	<b>¥7,480,166</b>	<b>¥7,630,927</b>	<b>¥10,629,182</b>	

As of March 31, 2018		Thousands of U.S. dollars					
Types of Financial Instruments	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years	
Due from Banks	\$439,596,633	\$1,888	\$1	\$—	\$—	\$—	
Call Loans and Bills Purchased	6,729,550	—	—	—	—	—	
Other Debt Purchased	23,225,200	605,425	383,403	43,033	49,625	1,220,762	
Securities *1	99,048,254	50,576,447	35,319,002	17,164,700	27,757,667	28,879,545	
Bonds Held to Maturity	7,904,394	6,022,396	940,999	3,575,797	—	4,919,388	
Japanese Government Bonds	7,904,394	6,022,396	940,999	3,575,797	—	—	
Foreign Bonds	—	—	—	—	—	4,919,388	
Other Securities with Maturities	91,143,860	44,554,051	34,378,003	13,588,903	27,757,667	23,960,157	
Japanese Government Bonds	59,107,525	29,607,603	17,331,326	3,344,547	14,066,058	940,999	
Japanese Local Government Bonds	300,578	239,770	868,438	536,385	227,175	41,822	
Japanese Corporate Bonds	4,323,673	7,455,005	4,595,666	2,060,970	1,897,607	7,439,778	
Foreign Bonds	27,175,834	7,160,999	10,799,998	7,525,844	11,224,836	15,052,684	
Other	236,250	90,674	782,575	121,157	341,991	484,874	
Loans and Bills Discounted *2	314,463,072	152,036,167	107,712,461	51,716,155	44,468,260	66,290,875	
<b>Total</b>	<b>\$883,062,709</b>	<b>\$203,219,927</b>	<b>\$143,414,867</b>	<b>\$68,923,888</b>	<b>\$72,275,552</b>	<b>\$96,391,182</b>	

\*1 Securities include those of which fair values are extremely difficult to determine.

\*2 Amounts do not include loans to bankrupt, substantially bankrupt, and intensive control obligors and other loans, of which redemption amounts cannot be projected, of ¥353,132 million (\$3,322,972 thousand) and ¥461,985 million, and loans with no maturities of ¥780,615 million (\$7,345,584 thousand) and ¥711,950 million as of March 31, 2018 and 2017, respectively.

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(Note 4) Projected repayment amounts after the consolidated balance sheet date for Bonds and Notes, Borrowed Money, and other interest-bearing liabilities

As of March 31, 2018						Millions of yen
Types of Financial Instruments	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits *1	¥121,278,407	¥2,974,182	¥691,786	¥86,972	¥41,370	¥8,514
Negotiable Certificates of Deposit	11,021,750	357,705	4,062	—	—	—
Call Money and Bills Sold	2,105,293	—	—	—	—	—
Borrowed Money	2,221,554	1,541,595	309,410	260,283	303,808	259,565
Short-term Bonds	362,185	—	—	—	—	—
Bonds and Notes *3	740,960	1,145,772	1,883,455	626,680	1,375,904	532,969
Due to Trust Accounts	4,733,131	—	—	—	—	—
<b>Total</b>	<b>¥142,463,282</b>	<b>¥6,019,255</b>	<b>¥2,888,714</b>	<b>¥973,936</b>	<b>¥1,721,082</b>	<b>¥801,049</b>

As of March 31, 2017						Millions of yen
Types of Financial Instruments	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits *1	¥115,871,830	¥3,334,187	¥696,662	¥73,125	¥60,455	¥8,955
Negotiable Certificates of Deposit	10,421,618	150,627	60,067	—	—	—
Call Money and Bills Sold	1,255,172	—	—	—	—	—
Borrowed Money *2	604,614	3,095,130	1,542,031	338,626	377,791	305,037
Short-term Bonds	226,348	—	—	—	—	—
Bonds and Notes *3	1,414,830	1,486,069	1,331,397	564,022	1,400,953	588,868
Due to Trust Accounts	4,784,077	—	—	—	—	—
<b>Total</b>	<b>¥134,578,491</b>	<b>¥8,066,014</b>	<b>¥3,630,158</b>	<b>¥975,775</b>	<b>¥1,839,199</b>	<b>¥902,861</b>

As of March 31, 2018						Thousands of U.S. dollars
Types of Financial Instruments	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits *1	\$1,141,229,017	\$27,987,039	\$6,509,705	\$818,409	\$389,293	\$80,125
Negotiable Certificates of Deposit	103,714,598	3,366,004	38,224	—	—	—
Call Money and Bills Sold	19,810,801	—	—	—	—	—
Borrowed Money	20,904,810	14,506,407	2,911,554	2,449,268	2,858,835	2,442,514
Short-term Bonds	3,408,162	—	—	—	—	—
Bonds and Notes *3	6,972,430	10,781,707	17,723,299	5,897,055	12,947,251	5,015,235
Due to Trust Accounts	44,538,732	—	—	—	—	—
<b>Total</b>	<b>\$1,340,578,550</b>	<b>\$56,641,157</b>	<b>\$27,182,782</b>	<b>\$9,164,732</b>	<b>\$16,195,379</b>	<b>\$7,537,874</b>

\*1 Demand deposits are included in "Within 1 year."

\*2 Amounts do not include Borrowed Money with no maturities of ¥44,000 million as of March 31, 2017.

\*3 Amounts do not include Bonds and Notes with no maturities of ¥1,239,000 million (\$11,658,982 thousand) and ¥779,000 million as of March 31, 2018 and 2017, respectively.

## 42. Fair Value of Securities and Money Held in Trust

The following tables contain information relating to “Securities,” Trading Securities, Short-term Bonds, certain other items in “Trading Assets,” Negotiable Certificates of Deposit in “Cash and Due from Banks,” certain items in “Other Debt Purchased,” certain items in “Other Assets,” and “Money Held in Trust.”

	Millions of yen		
As of March 31, 2018	Consolidated Balance Sheet Amount	Fair value	Difference
Bonds Held-to-Maturity (Total)	¥2,515,830	¥2,521,846	¥6,016
Bonds Whose Fair Values Exceed the Consolidated Balance Sheet Amount Bonds Held-to-Maturity:			
Japanese Government Bonds	¥1,959,909	¥1,984,382	¥24,472
Foreign Bonds	—	—	—
Bonds Whose Fair Values Do Not Exceed the Consolidated Balance Sheet Amount Bonds Held-to-Maturity:			
Japanese Government Bonds	¥555,920	¥537,464	¥(18,455)
Foreign Bonds	—	—	—
Foreign Bonds	555,920	537,464	(18,455)

	Millions of yen		
As of March 31, 2017	Consolidated Balance Sheet Amount	Fair value	Difference
Bonds Held-to-Maturity (Total)	¥3,815,674	¥3,846,718	¥31,043
Bonds Whose Fair Values Exceed the Consolidated Balance Sheet Amount Bonds Held-to-Maturity:			
Japanese Government Bonds	¥3,083,991	¥3,121,303	¥37,312
Foreign Bonds	3,059,975	3,097,144	37,168
Foreign Bonds	24,015	24,159	144
Bonds Whose Fair Values Do Not Exceed the Consolidated Balance Sheet Amount Bonds Held-to-Maturity:			
Japanese Government Bonds	¥731,682	¥725,414	¥(6,268)
Foreign Bonds	—	—	—
Foreign Bonds	731,682	725,414	(6,268)

	Thousands of U.S. dollars		
As of March 31, 2018	Consolidated Balance Sheet Amount	Fair value	Difference
Bonds Held-to-Maturity (Total)	\$23,673,947	\$23,730,558	\$56,611
Bonds Whose Fair Values Exceed the Consolidated Balance Sheet Amount Bonds Held-to-Maturity:			
Japanese Government Bonds	\$18,442,740	\$18,673,022	\$230,282
Foreign Bonds	18,442,740	18,673,022	230,282
Foreign Bonds	—	—	—
Bonds Whose Fair Values Do Not Exceed the Consolidated Balance Sheet Amount Bonds Held-to-Maturity:			
Japanese Government Bonds	\$5,231,207	\$5,057,536	\$(173,671)
Foreign Bonds	—	—	—
Foreign Bonds	5,231,207	5,057,536	(173,671)

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	Millions of yen		
As of March 31, 2018	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Other Securities*1 (Total)	¥31,581,138	¥29,626,911	¥1,954,226*2
Other Securities Whose Consolidated Balance Sheet Amount Exceeds Acquisition Cost			
Other Securities:	¥14,261,162	¥12,002,479	¥2,258,682
Japanese Stocks	3,402,250	1,351,285	2,050,964
Japanese Bonds:	7,512,070	7,474,247	37,822
Japanese Government Bonds	5,786,004	5,775,747	10,257
Japanese Local Government Bonds	151,508	148,605	2,903
Short-term Bonds	—	—	—
Japanese Corporate Bonds	1,574,556	1,549,894	24,662
Other:	3,346,841	3,176,946	169,894
Foreign Bonds	2,641,061	2,629,413	11,647
Other Debt Purchased	74,171	72,973	1,198
Other	631,608	474,559	157,048
Other Securities Whose Consolidated Balance Sheet Amount Does Not Exceed Acquisition Cost			
Other Securities:	¥17,319,975	¥17,624,431	¥(304,455)
Japanese Stocks	179,989	213,582	(33,592)
Japanese Bonds:	9,023,533	9,055,945	(32,411)
Japanese Government Bonds	7,546,089	7,555,729	(9,640)
Japanese Local Government Bonds	87,824	88,105	(280)
Short-term Bonds	99	99	—
Japanese Corporate Bonds	1,389,519	1,412,009	(22,489)
Other:	8,116,452	8,354,904	(238,451)
Foreign Bonds	5,688,079	5,865,823	(177,743)
Other Debt Purchased	112,361	112,641	(279)
Other	2,316,011	2,376,439	(60,428)
Money Held in Trust			
Other Money Held in Trust	¥3,199	¥3,199	¥—

Millions of yen

As of March 31, 2017	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Other Securities* <sup>1</sup> (Total)	¥28,480,731	¥26,661,507	¥1,819,224* <sup>2</sup>
Other Securities Whose Consolidated Balance Sheet Amount Exceeds Acquisition Cost			
Other Securities:	¥15,314,224	¥13,210,435	¥2,103,788
Japanese Stocks	3,363,211	1,464,923	1,898,288
Japanese Bonds:	8,408,911	8,353,050	55,861
Japanese Government Bonds	6,499,349	6,474,096	25,253
Japanese Local Government Bonds	225,771	220,930	4,840
Short-term Bonds	—	—	—
Japanese Corporate Bonds	1,683,790	1,658,023	25,767
Other:	3,542,100	3,392,462	149,638
Foreign Bonds	2,672,850	2,659,805	13,044
Other Debt Purchased	84,802	83,047	1,754
Other	784,447	649,608	134,838
Other Securities Whose Consolidated Balance Sheet Amount Does Not Exceed Acquisition Cost			
Other Securities:	¥13,166,507	¥13,451,071	¥(284,563)
Japanese Stocks	178,834	222,664	(43,830)
Japanese Bonds:	4,836,243	4,870,924	(34,680)
Japanese Government Bonds	3,764,979	3,781,517	(16,537)
Japanese Local Government Bonds	58,700	58,932	(232)
Short-term Bonds	99	99	—
Japanese Corporate Bonds	1,012,463	1,030,373	(17,910)
Other:	8,151,429	8,357,482	(206,053)
Foreign Bonds	6,282,585	6,439,935	(157,349)
Other Debt Purchased	152,978	153,371	(393)
Other	1,715,864	1,764,175	(48,310)
Money Held in Trust			
Other Money Held in Trust	¥3,286	¥3,286	¥—

As of March 31, 2018	Thousands of U.S. dollars		
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Other Securities* <sup>1</sup> (Total)	\$297,178,304	\$278,789,042	\$18,389,262 <sup>2</sup>
Other Securities Whose Consolidated Balance Sheet Amount Exceeds Acquisition Cost			
Other Securities:	\$134,197,445	\$112,943,257	\$21,254,188
Japanese Stocks	32,015,156	12,715,590	19,299,566
Japanese Bonds:	70,688,534	70,332,621	355,913
Japanese Government Bonds	54,446,269	54,349,746	96,523
Japanese Local Government Bonds	1,425,695	1,398,375	27,320
Short-term Bonds	—	—	—
Japanese Corporate Bonds	14,816,570	14,584,500	232,070
Other:	31,493,755	29,895,046	1,598,709
Foreign Bonds	24,852,370	24,742,764	109,606
Other Debt Purchased	697,953	686,678	11,275
Other	5,943,432	4,465,604	1,477,828
Other Securities Whose Consolidated Balance Sheet Amount Does Not Exceed Acquisition Cost			
Other Securities:	\$162,980,859	\$165,845,785	\$(2,864,926)
Japanese Stocks	1,693,699	2,009,805	(316,106)
Japanese Bonds:	84,911,394	85,216,383	(304,989)
Japanese Government Bonds	71,008,650	71,099,369	(90,719)
Japanese Local Government Bonds	826,432	829,071	(2,639)
Short-term Bonds	941	941	—
Japanese Corporate Bonds	13,075,371	13,287,002	(211,631)
Other:	76,375,766	78,619,597	(2,243,831)
Foreign Bonds	53,524,795	55,197,359	(1,672,564)
Other Debt Purchased	1,057,322	1,059,956	(2,634)
Other	21,793,649	22,362,282	(568,633)
Money Held in Trust			
Other Money Held in Trust	\$30,103	\$30,103	\$—

\*<sup>1</sup> The fair value of Japanese stocks is determined based on the average quoted market price over the month preceding the consolidated balance sheet date. The fair value of securities other than Japanese stocks is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date.

\*<sup>2</sup> Unrealized Gains (Losses) or Difference include gains of ¥28,273 million (\$266,058 thousand) and ¥34,372 million which were recognized in the statements of income for the fiscal years ended March 31, 2018 and 2017, respectively, by applying the fair-value hedge method.

Note: A summary of Trading Securities and Money Held in Trust for investment purposes and related unrealized gains and losses recognized in the statement of income are as follows: \*

	Millions of yen				Thousands of U.S. dollars	
	2018		2017		2018	
As of March 31,	Fair value	Unrealized gains (losses)	Fair value	Unrealized gains (losses)	Fair value	Unrealized gains (losses)
Trading Securities		¥(51,558)		¥(11,574)	\$(485,162)	

	Millions of yen				Thousands of U.S. dollars	
	2018		2017		2018	
As of March 31,	Fair value	Unrealized gains (losses)	Fair value	Unrealized gains (losses)	Fair value	Unrealized gains (losses)
Money Held in Trust for Investment	¥334,230	¥381	¥244,297	¥787	\$3,145,109	\$3,589

\* Fair values of trading securities as of March 31, 2018 and 2017 are described in "41. Financial Instruments."



## Other Securities Sold during the Fiscal Year

For the Fiscal Year ended March 31, 2018	Millions of yen			Thousands of U.S. dollars		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Stocks	¥362,292	¥185,676	¥4,547	\$3,409,166	\$1,747,217	\$42,796
Bonds	29,552,146	26,102	10,728	278,085,503	245,628	100,958
Japanese Government Bonds	28,948,271	22,739	9,781	272,403,047	213,975	92,041
Japanese Local Government Bonds	97,444	1,205	54	916,955	11,341	510
Japanese Corporate Bonds	506,429	2,158	893	4,765,501	20,312	8,407
Other	12,647,126	168,482	102,863	119,009,373	1,585,422	967,941
<b>Total</b>	<b>¥42,561,564</b>	<b>¥380,262</b>	<b>¥118,139</b>	<b>\$400,504,042</b>	<b>\$3,578,267</b>	<b>\$1,111,695</b>

For the Fiscal Year ended March 31, 2017	Millions of yen		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Stocks	¥402,281	¥214,078	¥3,879
Bonds	29,061,379	64,899	9,713
Japanese Government Bonds	28,478,921	61,450	9,297
Japanese Local Government Bonds	35,032	2	16
Japanese Corporate Bonds	547,425	3,447	398
Other	12,416,967	164,900	67,316
<b>Total</b>	<b>¥41,880,628</b>	<b>¥443,878</b>	<b>¥80,908</b>

Note: The above table contains Other Securities that are deemed extremely difficult to determine fair values.

## Unrealized Gains/Losses on Other Securities

Unrealized Gains/Losses on Other Securities as of March 31, 2018 and 2017 are as follows:

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Difference between Acquisition Cost and Fair Value <sup>1</sup>	¥1,925,837	¥1,784,855	\$18,122,122
Other Securities <sup>2</sup>	1,925,837	1,784,855	18,122,122
Deferred Tax Liabilities	(518,090)	(470,704)	(4,875,229)
Difference between Acquisition Cost and Fair Value, net of Taxes	1,407,747	1,314,150	13,246,893
Amount Corresponding to Non-controlling Interests	20,790	29,657	195,642
Amount Corresponding to Net Unrealized Gains (Losses) on Other Securities Owned by Affiliated Companies, which is attributable to MHFG	5,436	5,492	51,157
<b>Net Unrealized Gains (Losses) on Other Securities</b>	<b>¥1,392,392</b>	<b>¥1,289,985</b>	<b>\$13,102,408</b>

<sup>1</sup> The difference between acquisition cost and fair value excludes ¥(28,273) million (\$266,058 thousand) and ¥(34,372) million which were recognized in the statements of income for the fiscal years ended March 31, 2018 and 2017, respectively, by applying the fair-value hedge method.

<sup>2</sup> Other Securities includes translation differences regarding securities which do not have readily determinable fair value.

### 43. Derivatives Information

The fair value of derivatives not qualifying for hedge accounting and derivatives qualifying for hedge accounting as of March 31, 2018 and 2017 is shown in the tables below. In the following tables:

- (i) Contract value represents notional amounts for swap transactions and contract amounts for other transactions. Contract value amounts do not indicate the market risk related to derivative transactions.
- (ii) Fair values of listed contracts are based on the closing prices of the Osaka Exchange, the Tokyo Financial Exchange, the New York Mercantile Exchange and others. Fair values of over-the-counter contracts and inter-company or internal transactions are based on the discounted value of future cash flows, option pricing models and others.

#### (1) Derivative Transactions not Qualifying for Hedge Accounting

Transactions are marked to market, and changes in unrealized gains (losses) are included in the consolidated statement of income.

##### (a) Interest Rate-Related Transactions

As of March 31, 2018	Contract value		Fair value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	¥7,629,009	¥2,781,286	¥24,873	¥24,873
Bought	7,382,738	2,527,389	(26,372)	(26,372)
Options:				
Sold	148,802	38,606	(157)	119
Bought	318,186	—	715	22
Over-the-Counter:				
FRAs:				
Sold	29,881,631	657,637	(6,103)	(6,103)
Bought	28,470,832	641,350	4,272	4,272
Swaps:				
Receive Fixed / Pay Float	408,239,583	335,944,031	3,331,370	3,331,370
Receive Float / Pay Fixed	404,255,318	328,525,087	(3,350,175)	(3,350,175)
Receive Float / Pay Float	89,307,829	68,275,480	42,651	42,651
Receive Fixed / Pay Fixed	613,586	556,686	5,675	5,675
Options:				
Sold	6,348,557	4,448,904	(20,162)	(20,162)
Bought	3,925,710	2,669,122	19,766	19,766
Inter-company or Internal Transactions:				
Swaps:				
Receive Fixed / Pay Float	5,802,848	5,629,482	(42,404)	(42,404)
Receive Float / Pay Fixed	10,811,184	9,824,803	114,074	114,074
Receive Float / Pay Float	—	—	—	—
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥98,024</b>	<b>¥97,607</b>

As of March 31, 2017	Contract value		Fair value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	¥9,407,885	¥3,325,791	¥(10,782)	¥(10,782)
Bought	9,337,119	3,323,117	9,161	9,161
Options:				
Sold	320,424	53,662	(478)	38
Bought	885,812	99,250	1,254	(217)
Over-the-Counter:				
FRAs:				
Sold	16,705,098	287,114	(4,529)	(4,529)
Bought	14,123,480	276,538	(1,088)	(1,088)
Swaps:				
Receive Fixed / Pay Float	403,042,305	307,787,439	5,642,796	5,642,796
Receive Float / Pay Fixed	394,333,968	304,717,370	(5,583,337)	(5,583,337)
Receive Float / Pay Float	80,075,291	61,293,377	35,829	35,829
Receive Fixed / Pay Fixed	702,877	579,466	14,605	14,605
Options:				
Sold	8,117,121	5,719,369	(104,505)	(104,505)
Bought	5,642,995	3,661,695	4,344	4,344
Inter-company or Internal Transactions:				
Swaps:				
Receive Fixed / Pay Float	4,430,985	4,144,609	(906)	(906)
Receive Float / Pay Fixed	9,442,652	8,278,293	33,285	33,285
Receive Float / Pay Float	707	707	0	0
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥35,649</b>	<b>¥34,694</b>

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As of March 31, 2018	Thousands of U.S. dollars			
	Contract value		Fair value	Unrealized gains (losses)
	Total	Over one year		
Listed:				
Futures:				
Sold	\$71,788,932	\$26,171,886	\$234,058	\$234,058
Bought	69,471,519	23,782,720	(248,169)	(248,169)
Options:				
Sold	1,400,232	363,288	(1,481)	1,121
Bought	2,994,129	—	6,735	211
Over-the-Counter:				
FRAs:				
Sold	281,185,955	6,188,362	(57,430)	(57,430)
Bought	267,910,345	6,035,102	40,202	40,202
Swaps:				
Receive Fixed / Pay Float	3,841,531,792	3,161,231,122	31,348,174	31,348,174
Receive Float / Pay Fixed	3,804,039,880	3,091,418,907	(31,525,128)	(31,525,128)
Receive Float / Pay Float	840,386,087	642,471,826	401,353	401,353
Receive Fixed / Pay Fixed	5,773,846	5,238,418	53,405	53,405
Options:				
Sold	59,739,885	41,864,164	(189,732)	(189,732)
Bought	36,940,913	25,116,429	186,005	186,005
Inter-company or Internal Transactions:				
Swaps:				
Receive Fixed / Pay Float	54,604,769	52,973,393	(399,026)	(399,026)
Receive Float / Pay Fixed	101,733,171	92,451,339	1,073,440	1,073,440
Receive Float / Pay Float	—	—	—	—
<b>Total</b>	<b>/</b>	<b>/</b>	<b>\$922,406</b>	<b>\$918,484</b>

**(b) Currency-Related Transactions**

As of March 31, 2018	Contract value		Fair value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	¥21,239	¥1,860	¥—	¥—
Bought	92,245	22,828	—	—
Over-the-Counter:				
Swaps	49,506,179	34,820,751	245,294	164,945
Forwards:				
Sold	67,299,060	2,966,015	537,765	537,765
Bought	30,337,434	1,229,813	(469,341)	(469,341)
Options:				
Sold	2,451,245	1,087,293	(39,530)	14,894
Bought	2,308,666	919,460	66,225	8,218
Inter-company or Internal Transactions:				
Swaps	3,190,555	2,362,942	(250,755)	18,009
Forwards:				
Bought	165,472	—	(2,090)	(2,090)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥87,568</b>	<b>¥272,402</b>

As of March 31, 2017	Contract value		Fair value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	¥18,881	¥352	¥—	¥—
Bought	75,501	51,302	—	—
Over-the-Counter:				
Swaps	45,250,084	30,758,244	54,489	99,071
Forwards:				
Sold	74,925,435	3,645,808	(92,135)	(92,135)
Bought	37,970,407	1,352,535	203,068	203,068
Options:				
Sold	2,842,595	1,182,247	(89,735)	(9,821)
Bought	2,610,743	1,034,441	67,939	(12,408)
Inter-company or Internal Transactions:				
Swaps	3,441,048	2,403,067	(228,425)	6,386
Forwards:				
Bought	160,189	—	(2,328)	(2,328)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥(87,128)</b>	<b>¥191,831</b>

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As of March 31, 2018	Thousands of U.S. dollars			
	Contract value		Fair value	Unrealized gains (losses)
	Total	Over one year		
Listed:				
Futures:				
Sold	\$199,861	\$17,504	\$—	\$—
Bought	868,027	214,819	—	—
Over-the-Counter:				
Swaps	465,852,826	327,663,040	2,308,218	1,552,141
Forwards:				
Sold	633,283,721	27,910,188	5,060,372	5,060,372
Bought	285,475,057	11,572,538	(4,416,498)	(4,416,498)
Options:				
Sold	23,066,202	10,231,427	(371,982)	140,158
Bought	21,724,538	8,652,116	623,183	77,338
Inter-company or Internal Transactions:				
Swaps	30,023,102	22,235,277	(2,359,604)	169,471
Forwards:				
Bought	1,557,092	—	(19,674)	(19,674)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>\$824,015</b>	<b>\$2,563,308</b>

**(c) Stock-Related Transactions**

As of March 31, 2018	Millions of yen			
	Contract value		Fair value	Unrealized gains (losses)
	Total	Over one year		
Listed:				
Index Futures:				
Sold	¥345,159	¥10,570	¥1,986	¥1,986
Bought	677,676	—	8,524	8,524
Index Futures Options:				
Sold	1,788,049	422,988	(78,493)	(3,245)
Bought	1,733,309	371,505	71,196	1,012
Over-the-Counter:				
Equity Linked Swaps	242,490	220,351	13,938	13,938
Options:				
Sold	705,136	412,365	(73,573)	(73,573)
Bought	334,443	141,885	103,731	103,731
Other:				
Sold	164,010	37,531	(1,004)	(1,004)
Bought	434,136	303,637	37,958	37,958
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥84,265</b>	<b>¥89,329</b>

As of March 31, 2017	Contract value		Fair value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
	Listed:			
Index Futures:				
Sold	¥701,220	¥14,450	¥2,230	¥2,230
Bought	143,890	—	(673)	(673)
Index Futures Options:				
Sold	1,033,746	178,675	(125,078)	(5,077)
Bought	1,018,815	101,900	27,430	10
Over-the-Counter:				
Equity Linked Swaps	191,842	178,713	11,513	11,513
Options:				
Sold	687,884	587,391	(83,546)	(77,815)
Bought	231,697	177,712	77,950	67,701
Other:				
Sold	—	—	—	—
Bought	414,495	377,583	24,548	24,548
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥(65,623)</b>	<b>¥22,438</b>

As of March 31, 2018	Contract value		Fair value	Thousands of U.S. dollars
	Total	Over one year		Unrealized gains (losses)
	Listed:			
Index Futures:				
Sold	\$3,247,944	\$99,464	\$18,695	\$18,695
Bought	6,376,929	—	80,218	80,218
Index Futures Options:				
Sold	16,825,530	3,980,319	(738,625)	(30,540)
Bought	16,310,431	3,495,860	669,960	9,529
Over-the-Counter:				
Equity Linked Swaps	2,281,836	2,073,511	131,163	131,163
Options:				
Sold	6,635,329	3,880,358	(692,326)	(692,326)
Bought	3,147,115	1,335,141	976,114	976,114
Other:				
Sold	1,543,334	353,170	(9,448)	(9,448)
Bought	4,085,221	2,857,229	357,188	357,188
<b>Total</b>	<b>/</b>	<b>/</b>	<b>\$792,939</b>	<b>\$840,593</b>

**(d) Bond-Related Transactions**

Millions of yen

As of March 31,	2018				2017			
	Contract value		Fair value	Unrealized gains (losses)	Contract value		Fair value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Listed:								
Futures:								
Sold	¥795,996	¥—	¥(4,155)	¥(4,155)	¥584,499	¥—	¥(4,497)	¥(4,497)
Bought	626,268	—	4,206	4,206	594,999	—	2,508	2,508
Futures Options:								
Sold	265,529	—	(246)	(104)	543,534	—	(86)	16
Bought	158,042	—	184	48	143,612	—	150	1
Over-the-Counter:								
Options:								
Sold	827,444	283,966	(26,511)	(25,779)	745,840	420,735	(40,317)	(38,567)
Bought	827,685	283,966	26,040	25,702	745,840	420,735	40,136	38,777
Other:								
Sold	357,473	—	(664)	(664)	—	—	—	—
Bought	297,989	—	271	271	—	—	—	—
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥(875)</b>	<b>¥(475)</b>	<b>/</b>	<b>/</b>	<b>¥(2,105)</b>	<b>¥(1,759)</b>

Thousands of U.S. dollars

As of March 31,	2018			
	Contract value		Fair value	Unrealized gains (losses)
	Total	Over One year		
Listed:				
Futures:				
Sold	\$7,490,325	\$—	\$(39,106)	\$(39,106)
Bought	5,893,183	—	39,580	39,580
Futures Options:				
Sold	2,498,633	—	(2,317)	(985)
Bought	1,487,179	—	1,732	457
Over-the-Counter:				
Options:				
Sold	7,786,243	2,672,123	(249,469)	(242,586)
Bought	7,788,517	2,672,123	245,041	241,864
Other:				
Sold	3,363,820	—	(6,254)	(6,254)
Bought	2,804,078	—	2,552	2,552
<b>Total</b>	<b>/</b>	<b>/</b>	<b>\$(8,241)</b>	<b>\$(4,478)</b>



(e) Commodity-Related Transactions

Millions of yen

As of March 31,	2018				2017			
	Contract value		Fair value	Unrealized gains (losses)	Contract value		Fair value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Listed:								
Futures:								
Sold	¥22,101	¥3,108	¥(3,563)	¥(3,563)	¥22,236	¥7,206	¥358	¥358
Bought	32,891	8,979	5,675	5,675	32,199	13,568	(548)	(548)
Over-the-Counter:								
Swaps	2,516	—	0	0	5,296	—	1	1
Options:								
Sold	147,475	50,068	(7,871)	(7,871)	158,283	63,801	3,136	3,136
Bought	130,003	40,133	7,508	7,508	141,703	49,791	(949)	(949)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥1,749</b>	<b>¥1,749</b>	<b>/</b>	<b>/</b>	<b>¥1,997</b>	<b>¥1,997</b>

Thousands of U.S. dollars

As of March 31,	2018			
	Contract value		Fair value	Unrealized gains (losses)
	Total	Over one year		
Listed:				
Futures:				
Sold	\$207,979	\$29,254	\$(33,534)	\$(33,534)
Bought	309,506	84,500	53,402	53,402
Over-the-Counter:				
Swaps	23,683	—	8	8
Options:				
Sold	1,387,740	471,147	(74,071)	(74,071)
Bought	1,223,334	377,655	70,656	70,656
<b>Total</b>	<b>/</b>	<b>/</b>	<b>\$16,461</b>	<b>\$16,461</b>

Note: Commodities include oil, copper, aluminum and others.

**(f) Credit Derivative Transactions**

As of March 31, 2018	Contract value		Fair value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Credit Derivatives:				
Sold	¥1,302,042	¥973,507	¥19,445	¥19,445
Bought	1,541,030	1,147,481	(22,392)	(22,392)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥(2,947)</b>	<b>¥(2,947)</b>

As of March 31, 2017	Contract value		Fair value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Credit Derivatives:				
Sold	¥1,845,011	¥1,337,735	¥22,061	¥22,061
Bought	1,995,013	1,435,409	(24,813)	(24,813)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>¥(2,751)</b>	<b>¥(2,751)</b>

As of March 31, 2018	Contract value		Fair value	Thousands of U.S. dollars
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Credit Derivatives:				
Sold	\$12,252,211	\$9,160,695	\$182,980	\$182,980
Bought	14,501,090	10,797,795	(210,714)	(210,714)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>\$(27,734)</b>	<b>\$(27,734)</b>

Note: "Sold" and "Bought" indicate assumption and cession of credit risk, respectively.

## (2) Derivative Transactions Qualifying for Hedge Accounting

### (a) Interest Rate-Related Transactions

As of March 31, 2018	Primary hedged items	Contract value		Millions of yen
		Total	Over one year	Fair value
Primary Method :	Loans, deposits, bonds and notes, borrowings and others			
Swaps:				
Receive Fixed / Pay Float		¥25,251,272	¥20,768,457	¥(32,646)
Receive Float / Pay Fixed		7,281,066	7,076,303	29,562
Fair Value Hedge Method :	Other securities and others			
Swaps:				
Receive Float / Pay Fixed		335,553	325,421	5,724
Receive Float / Pay Float		—	—	—
Exceptional Accrual Method :	Loans and others			
Swaps:				Note 2
Receive Float / Pay Fixed		57,478	51,379	
<b>Total</b>		<b>/</b>	<b>/</b>	<b>¥2,640</b>

As of March 31, 2017	Primary hedged items	Contract value		Millions of yen
		Total	Over one year	Fair value
Primary Method :	Loans, deposits, bonds and notes, borrowings and others			
Swaps:				
Receive Fixed / Pay Float		¥25,079,445	¥22,542,261	¥93,716
Receive Float / Pay Fixed		6,850,334	5,939,596	(23,638)
Fair Value Hedge Method :	Other securities and others			
Swaps:				
Receive Float / Pay Fixed		439,177	437,488	(472)
Receive Float / Pay Float		591	92	(105)
Exceptional Accrual Method :	Loans and others			
Swaps:				Note 2
Receive Float / Pay Fixed		66,882	62,314	
<b>Total</b>		<b>/</b>	<b>/</b>	<b>¥69,499</b>

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As of March 31, 2018	Primary hedged items	Thousands of U.S. dollars		
		Contract value		Fair value
		Total	Over one year	
Primary Method :	Loans, deposits, bonds			
Swaps:	and notes, borrowings and			
Receive Fixed / Pay Float	others	\$237,614,303	\$195,431,050	\$(307,202)
Receive Float / Pay Fixed		68,514,788	66,587,965	278,184
Fair Value Hedge Method :	Other securities and others			
Swaps:				
Receive Float / Pay Fixed		3,157,560	3,062,213	53,867
Receive Float / Pay Float		—	—	—
Exceptional Accrual Method :	Loans and others			
Swaps:				Note 2
Receive Float / Pay Fixed		540,870	483,484	
<b>Total</b>		<b>/</b>	<b>/</b>	<b>\$24,849</b>

Notes: 1. Primarily the deferred method is applied under “Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Financial Instruments for Banks” (JICPA Industry Audit Committee Report No. 24, February 13, 2002).  
2. Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans and borrowings, hedged items, those fair values are included in fair values of such loans and borrowings in “41. Financial Instruments.”

**(b) Currency-Related Transactions**

As of March 31, 2018	Primary hedged items	Millions of yen		
		Contract value		Fair value
		Total	Over one year	
Primary Method :	Loans, deposits, borrowings,			
Swaps	parent company's interest of	¥6,940,073	¥2,739,832	¥238,620
Forwards:	subsidiaries' net assets and			
Sold	others	166,448	—	2,083
<b>Total</b>		<b>/</b>	<b>/</b>	<b>¥240,704</b>

As of March 31, 2017	Primary hedged items	Millions of yen		
		Contract value		Fair value
		Total	Over one year	
Primary Method :	Loans, deposits, borrowings,			
Swaps	parent company's interest of	¥7,179,955	¥2,939,738	¥235,186
Forwards:	subsidiaries' net assets and			
Sold	others	276,436	—	2,273
<b>Total</b>		<b>/</b>	<b>/</b>	<b>¥237,460</b>

As of March 31, 2018	Primary hedged items	Thousands of U.S. dollars		
		Contract value		Fair value
		Total	Over one year	
Primary Method :	Loans, deposits, borrowings,			
Swaps	parent company's interest of	\$65,306,042	\$25,781,809	\$2,245,420
Forwards:	subsidiaries' net assets and			
Sold	others	1,566,282	—	19,605
<b>Total</b>		<b>/</b>	<b>/</b>	<b>\$2,265,025</b>

Notes: 1. Primarily the deferred method is applied under “Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Foreign Currency Transactions for Banks” (JICPA Industry Audit Committee Report No. 25, July 29, 2002).  
2. Forward Exchange Contracts qualifying for the allocation method are treated as a unit of short-term bonds, hedged items.

**(c) Stock-Related Transactions**

As of March 31, 2018	Primary hedged items	Contract value		Millions of yen
		Total	Over one year	Fair value
Fair Value Hedge Method :	Other securities			
Forward Stock Agreements:				
Sold		¥161,773	¥146,226	¥(8,561)
<b>Total</b>		<b>/</b>	<b>/</b>	<b>¥(8,561)</b>

As of March 31, 2017	Primary hedged items	Contract value		Millions of yen
		Total	Over one year	Fair value
Fair Value Hedge Method :	Other securities			
Forward Stock Agreements:				
Sold		¥154,072	¥40,175	¥(4,608)
<b>Total</b>		<b>/</b>	<b>/</b>	<b>¥(4,608)</b>

As of March 31, 2018	Primary hedged items	Contract value		Thousands of U.S. dollars
		Total	Over one year	Fair value
Fair Value Hedge Method :	Other securities			
Forward Stock Agreements:				
Sold		\$1,522,288	\$1,375,990	\$(80,560)
<b>Total</b>		<b>/</b>	<b>/</b>	<b>\$(80,560)</b>

## 44. Segment Information

### Segment Information by Management Approach

#### 1. Summary of Reportable Segment

MHFG has introduced an in-house company system based on the group's diverse customer segments. The aim of this system is to leverage MHFG's strengths and competitive advantage, which is the seamless integration of MHFG's banking, trust and securities functions under a holding company structure, to speedily provide high-quality financial services that closely match customer needs.

Specifically, the company system is classified into the following five in-house companies, each based on a customer segment: the Retail & Business Banking Company, the Corporate & Institutional Company, the Global Corporate Company, the Global Markets Company, and the Asset Management Company. The services that each in-house company is in charge of are as follows:

Retail & Business Banking Company:

Services for individual customers, small and medium-sized enterprises and middle market firms in Japan

Corporate & Institutional Company:

Services for large corporations, financial institutions and public corporations in Japan

Global Corporate Company:

Services for Japanese overseas affiliated corporate customers and non-Japanese corporate customers, etc.

Global Markets Company:

Investment services with respect to interest rates, equities and credits, etc., and other services

Asset Management Company:

Development of products and provision of services that match the asset management needs of its wide range of customers from individuals to institutional investors.

The reportable segment information, set forth below, is derived from the internal management reporting systems used by management to measure the performance of the Group's operating segments.

Management measures the performance of each of the operating segments in accordance with internal managerial accounting rules and practices.

#### 2. Calculating Method of Gross Profits (excluding the amounts of credit costs of trust accounts), Net Business Profits (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans), and the Amount of Assets by Reportable Segment

The following information of reportable segment is based on internal management reporting:

Gross profits (excluding the amounts of credit costs of trust accounts) is the total amount of Interest Income, Fiduciary Income, Fee and Commission Income, Trading Income, and Other Operating Income.

Net business profits (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans) is the amount of which General and administrative expenses (excluding non-recurring expenses), Equity in income from investments in affiliates, and Others (consolidation adjustments) are deducted from, or added to, Gross profits (excluding the amounts of credit costs of trust accounts).

Asset information by segment is not prepared on the grounds that management does not use asset information of each segment for the purpose of asset allocation or performance evaluation.

Gross profits (excluding the amounts of credit costs of trust accounts) relating to transactions between segments is based on the current market prices.

**3. Gross Profits (excluding the amounts of credit costs of trust accounts) and Net Business Profits or Losses (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans) by Reportable Segment**

Millions of yen

For the Fiscal Year ended March 31,2018	MHFG (Consolidated)						Total
	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others (Note 2)	
<b>Gross profits: (excluding the amounts of credit costs of trust accounts)</b>	¥ 726,200	¥ 433,000	¥ 352,600	¥ 381,700	¥ 50,200	¥ (28,342)	1,915,357
<b>General and administrative expenses (excluding Non- Recurring Losses)</b>	723,300	197,700	254,800	200,900	27,600	53,822	1,458,122
<b>Equity in income from investments in affiliates</b>	12,700	1,000	2,400	—	3,100	2,274	21,474
<b>Others</b>	—	—	—	—	—	(20,888)	(20,888)
<b>Net business profits or losses (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)</b>	¥ 15,600	¥ 236,300	¥ 100,200	¥ 180,800	¥ 25,700	¥ (100,779)	457,820

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Millions of yen

For the Fiscal Year ended March 31, 2017	MHFG (Consolidated)						Total
	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others (Note 2)	
<b>Gross profits: (excluding the amounts of credit costs of trust accounts)</b>	¥ 717,200	¥ 434,100	¥ 358,300	¥ 539,900	¥ 48,900	¥ (5,659)	2,092,740
<b>General and administrative expenses (excluding Non- Recurring Losses)</b>	719,700	194,000	244,300	193,800	29,300	39,392	1,420,492
<b>Equity in income from investments in affiliates</b>	14,900	1,000	1,000	—	400	1,599	18,899
<b>Others</b>	—	—	—	—	—	(27,730)	(27,730)
<b>Net business profits or losses (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)</b>	¥ 12,400	¥ 241,100	¥ 115,000	¥ 346,100	¥ 20,000	¥ (71,183)	663,416



Thousands of U.S. dollars

For the Fiscal Year ended March 31, 2018	MHFG (Consolidated)						Total
	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others (Note 2)	
<b>Gross profits: (excluding the amounts of credit costs of trust accounts)</b>	\$ 6,833,537	\$ 4,074,527	\$ 3,317,963	\$ 3,591,795	\$ 472,382	\$ (266,703)	\$ 18,023,501
<b>General and administrative expenses (excluding Non- Recurring Losses)</b>	6,806,248	1,860,356	2,397,666	1,890,468	259,716	506,468	13,720,922
<b>Equity in income from investments in affiliates</b>	119,507	9,410	22,584	—	29,171	21,401	202,073
<b>Others</b>	—	—	—	—	—	(196,560)	(196,560)
<b>Net business profits or losses (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)</b>	\$ 146,796	\$ 2,223,581	\$ 942,881	\$ 1,701,327	\$ 241,837	\$ (948,330)	\$ 4,308,092

Notes: 1. Gross profits (excluding the amounts of credit costs of trust accounts) is reported instead of sales reported by general corporations.

2. "Others" includes items which should be eliminated as internal transactions between each segment on a consolidated basis.

3. Following the change in allocation method for transactions between each segment and "Others" made in April, 2017, reclassification was made on the above table for the fiscal year ended March 31, 2017 to reflect the relevant change.

**4. The Difference between the Total Amounts of Reportable Segments and the Recorded Amounts in Consolidated Statement of Income, and the Contents of the Difference (Matters relating to adjustment to difference)**

The above amount of Gross profits (excluding the amounts of credit costs of trust accounts) and that of Net business profits (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans) derived from internal management reporting by reportable segment are different from the amounts recorded in Consolidated Statement of Income.

The contents of the difference for the period are as follows:

- (a) The Total of Gross Profits (excluding the amounts of credit costs of trust accounts) of Segment Information and Ordinary Profits recorded in the Consolidated Statement of Income

	Millions of yen		Thousands of
	2018	2017	U.S. dollars
Gross Profits (excluding the amounts of credit costs of trust accounts)	¥ 1,915,357	¥ 2,092,740	\$ 18,023,501
Other Ordinary Income	535,927	379,228	5,043,070
General and Administrative Expenses	(1,488,973)	(1,467,221)	(14,011,234)
Other Ordinary Expenses	(179,863)	(267,233)	(1,692,510)
<b>Ordinary Profits recorded in Consolidated Statement of Income</b>	<b>¥ 782,447</b>	<b>¥ 737,512</b>	<b>\$ 7,362,827</b>

Note: Ordinary profits represents Total Income excluding certain special income less Total Expenses excluding certain special expenses.

- (b) The Total of Net Business Profits (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans) of Segment Information and Income before Income Taxes Recorded in Consolidated Statement of Income

	Millions of yen		Thousands of
	2018	2017	U.S. dollars
Net Business Profits (excluding the amounts of credit costs of trust accounts, before reversal of (provision for) general reserve for losses on loans)	¥ 457,820	¥ 663,416	\$ 4,308,092
Credit Costs for Trust Accounts	—	—	—
General and Administrative Expenses (non-recurring losses)	(30,851)	(46,729)	(290,312)
Expenses Related to Portfolio Problems (including reversal of (provision for) general reserve for losses on loans)	(17,014)	(80,201)	(160,104)
Gains on Reversal of Reserves for Possible Losses on Loans and others	173,327	32,662	1,631,013
Net Gains (Losses) Related to Stocks	272,035	242,145	2,559,852
Net Extraordinary Gains (Losses)	17,506	46,680	164,732
Others	(72,870)	(73,779)	(685,714)
<b>Income before Income Taxes Recorded in Consolidated Statement of Income</b>	<b>¥ 799,953</b>	<b>¥ 784,193</b>	<b>\$ 7,527,559</b>

## 5. Related Information

### (a) Information about Geographic Areas

#### (i) Ordinary income

						Millions of yen	
2018	Japan	Americas	Europe	Asia/Oceania excluding Japan	Total		
Ordinary Income	¥ 2,404,030	¥ 552,140	¥ 195,497	¥ 409,457	¥ 3,561,125		

						Millions of yen	
2017	Japan	Americas	Europe	Asia/Oceania excluding Japan	Total		
Ordinary Income	¥ 2,292,950	¥ 430,329	¥ 181,277	¥ 388,342	¥ 3,292,900		

						Thousands of U.S. dollars	
2018	Japan	Americas	Europe	Asia/Oceania excluding Japan	Total		
Ordinary Income	\$ 22,621,908	\$ 5,195,636	\$ 1,839,633	\$ 3,852,989	\$ 33,510,166		

Notes: 1. Geographic analyses are presented based on geographic contiguity, similarities in economic activities, and relation of business operations. The above table shows Ordinary Income instead of sales of non-financial companies.

2. Japan includes Ordinary Income of MHFG and domestic consolidated subsidiaries excluding overseas branches, Americas includes Ordinary Income of consolidated subsidiaries and branches in Canada, the United States of America and others, Europe includes Ordinary Income of consolidated subsidiaries and branches in the United Kingdom and others and Asia/Oceania includes Ordinary Income of consolidated subsidiaries and branches in Hong Kong, the Republic of Singapore and others.

#### (ii) Tangible fixed assets

Information on tangible fixed assets by geographical areas as of March 31, 2018 and 2017 is not disclosed since tangible fixed assets in Japan accounted for more than 90% of tangible fixed assets.

### (b) Information about Major Customers

Information about major customers is not disclosed since there are no outside customers accounted for more than 10% of Ordinary Income of the Company.

**6. Information about Impairment Loss on Tangible Fixed Assets by Reportable Segment**

								Millions of yen	
MHFG (Consolidated)									
For the Fiscal Year ended March 31, 2018	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others	Total		
Impairment Loss	¥	—	¥	—	¥	—	¥	6,960	¥ 6,960

								Millions of yen	
MHFG (Consolidated)									
For the Fiscal Year ended March 31, 2017	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others	Total		
Impairment Loss	¥	—	¥	—	¥	—	¥	6,651	¥ 6,651

								Thousands of U.S. dollars	
MHFG (Consolidated)									
For the Fiscal Year ended March 31, 2018	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others	Total		
Impairment Loss	\$	—	\$	—	\$	—	\$	65,498	\$ 65,498

## 7. Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment

For the Fiscal Year ended March 31, 2018	MHFG (Consolidated)							Millions of yen				
	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others	Total					
	Amortization of Goodwill	¥	—	¥	—	¥	—	¥	—	¥	4,154	¥
Unamortized Balance of Goodwill	¥	—	¥	—	¥	—	¥	—	¥	70,515	¥	70,515

For the Fiscal Year ended March 31, 2017	MHFG (Consolidated)							Millions of yen				
	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others	Total					
	Amortization of Goodwill	¥	—	¥	—	¥	—	¥	—	¥	2,816	¥
Unamortized Balance of Goodwill	¥	—	¥	—	¥	—	¥	—	¥	74,772	¥	74,772

For the Fiscal Year ended March 31, 2018	MHFG (Consolidated)							Thousands of U.S. dollars				
	Retail & Business Banking Company	Corporate & Institutional Company	Global Corporate Company	Global Markets Company	Asset Management Company	Others	Total					
	Amortization of Goodwill	\$	—	\$	—	\$	—	\$	—	\$	39,093	\$
Unamortized Balance of Goodwill	\$	—	\$	—	\$	—	\$	—	\$	663,551	\$	663,551

**8. Information about Gain on Negative Goodwill Incurred by Reportable Segment**

For the fiscal years ended March 31, 2018 and 2017

- There is no applicable information.

**45. Related Party**

For the fiscal years ended March 31, 2018 and 2017

- There are no material additions to the current scope subject to disclosure.

## 46. Per Share Information

Per share information as of or for the fiscal years ended March 31, 2018 and 2017 are calculated based on the following information:

As of or for the fiscal years ended March 31,	Yen		U.S. dollars
	2018	2017	2018
Net Assets per Share of Common Stock	¥357.41	¥335.96	\$3.36
Profit Attributable to Owners of Parent per Share of Common Stock	22.72	23.86	0.21
Diluted Profit Attributable to Owners of Parent per Share of Common Stock	22.72	23.78	0.21

Notes: 1. Total Net Assets per Share of Common Stock is based on the following information.

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Total Net Assets	¥9,821,246	¥9,273,361	\$92,417,867
Deductions from Total Net Assets	755,403	751,093	7,108,339
<i>Stock Acquisition Rights</i>	1,163	1,754	10,952
<i>Non-Controlling Interests</i>	754,239	749,339	7,097,387
Net Assets (year-end) related to Common Stock	9,065,843	8,522,268	85,309,528
Year-end Outstanding Shares of Common Stock, based on which Total Net Assets per Share of Common Stock was calculated	25,364,815 Thousand shares	25,366,315 Thousand shares	/

2. Profit Attributable to Owners of Parent per Share of Common Stock is based on the following information.

For the fiscal years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Profit Attributable to Owners of Parent	¥576,547	¥603,544	\$5,425,309
Amount not attributable to Common Stock	—	—	—
Profit Attributable to Owners of Parent related to Common Stock	576,547	603,544	5,425,309
Average Outstanding Shares of Common Stock (during the period)	25,366,345 Thousand shares	25,285,898 Thousand shares	/

3. Diluted Profit Attributable to Owners of Parent per Share of Common Stock is based on the following information.

For the fiscal years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Adjustment to Profit Attributable to Owners of Parent	¥—	¥—	\$—
Increased Number of Shares of Common Stock	7,585 Thousand shares	94,403 Thousand shares	/
<i>Preferred Stock</i>	—	82,993 Thousand shares	/
<i>Stock Acquisition Rights</i>	7,585 Thousand shares	11,409 Thousand shares	/
Description of Dilutive Securities which were not included in the Calculation of Diluted Profit Attributable to Owners of Parent per Share of Common Stock as they have no Dilutive effects	—	—	/

4. In the calculation of Net Assets per Share of Common Stock, MHFG shares outstanding in BBT trust account that were recognized as Treasury Stock in Shareholders' Equity are included in Treasury Stock shares deducted from the number of issued shares. The number of such Treasury Stock shares deducted during the period is 13,319 thousand and 9,000 thousand as of March 31, 2018 and 2017, respectively.


In the calculation of Profit Attributable to Owners of Parent per Share of Common Stock and Diluted Profit Attributable to Owners of Parent per Share of Common Stock, such Treasury Stock shares are included in Treasury Stock shares deducted in the calculation of the Average Outstanding Shares of Common Stock during the period. The average number of such Treasury Stock shares deducted during the period is 11,815 thousand and 6,000 thousand as of March 31, 2018 and 2017, respectively.

#### **47. Subsequent Events**

Mizuho Financial Group, Inc. decided to redeem in full preferred securities issued by its group's overseas special purpose subsidiaries on May 15, 2018, as set forth below.

(1) Issuer	Mizuho Capital Investment (JPY) 2 Limited
(2) Type of securities	Non-cumulative Perpetual Preferred Securities
(3) Total redemption amount	¥274,500 million
(4) Scheduled redemption date	June 30, 2018
(5) Major reasons for the redemption	Arrival of optional redemption date





# ***Non-Consolidated Financial Statements of Mizuho Financial Group, Inc. and Three Subsidiaries***

[Under Japanese GAAP]

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**Mizuho Financial Group, Inc.**

**Non-Consolidated Balance Sheet**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars
			2018
<b>Assets</b>			
<b>Current Assets</b>	¥ 106,000	¥ 112,350	\$ 997,463
Cash and Due from Banks	23,491	20,190	221,055
Other Current Assets	82,508	92,159	776,408
<b>Fixed Assets</b>	<b>10,481,718</b>	<b>9,157,019</b>	<b>98,632,904</b>
Tangible Fixed Assets	211,622	205,518	1,991,362
Intangible Fixed Assets	13,441	12,705	126,480
Investments in Subsidiaries and Affiliates	6,074,554	6,074,554	57,161,522
Other Investments	4,182,100	2,864,240	39,353,540
<b>Total Assets</b>	<b>¥ 10,587,719</b>	<b>¥ 9,269,369</b>	<b>\$ 99,630,367</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>	¥ 1,109,452	¥ 1,179,516	\$ 10,439,944
Short-term Borrowings	1,083,135	656,100	10,192,293
Short-term Bonds	—	500,000	—
Other Current Liabilities	26,317	23,416	247,651
<b>Non-Current Liabilities</b>	<b>4,036,923</b>	<b>2,747,329</b>	<b>37,987,420</b>
<b>Total Liabilities</b>	<b>5,146,375</b>	<b>3,926,845</b>	<b>48,427,364</b>
<b>Net Assets</b>			
<b>Shareholders' Equity</b>	<b>5,354,533</b>	<b>5,288,113</b>	<b>50,386,125</b>
Common Stock and Preferred Stock	2,256,548	2,256,275	21,234,108
Capital Surplus	1,196,478	1,196,258	11,258,850
Capital Reserve	1,196,440	1,196,167	11,258,499
Other Capital Surplus	37	91	351
Retained Earnings	1,906,557	1,839,725	17,940,691
Appropriated Reserve	4,350	4,350	40,933
Other Retained Earnings	1,902,207	1,835,375	17,899,758
Retained Earnings Brought Forward	1,902,207	1,835,375	17,899,758
Treasury Stock	(5,050)	(4,145)	(47,524)
<b>Valuation and Translation Adjustments</b>	<b>85,645</b>	<b>52,655</b>	<b>805,926</b>
Net Unrealized Gains ( Losses) on Other Securities, net of Taxes	85,645	52,655	805,926
<b>Stock Acquisition Rights</b>	<b>1,163</b>	<b>1,754</b>	<b>10,952</b>
<b>Total Net Assets</b>	<b>5,441,343</b>	<b>5,342,523</b>	<b>51,203,003</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 10,587,719</b>	<b>¥ 9,269,369</b>	<b>\$ 99,630,367</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.

## Non-Consolidated Statement of Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Operating Income</b>	¥ 305,097	¥ 378,084	\$ 2,870,967
Cash Dividends Received from Subsidiaries and Affiliates	256,044	328,148	2,409,376
Fee and Commission Income Received from Subsidiaries and Affiliates	49,053	49,936	461,591
<b>Operating Expenses</b>	<b>38,660</b>	<b>38,926</b>	<b>363,797</b>
General and Administrative Expenses	38,660	38,926	363,797
<b>Operating Profits</b>	<b>266,436</b>	<b>339,157</b>	<b>2,507,170</b>
<b>Non-Operating Income</b>	<b>72,869</b>	<b>44,558</b>	<b>685,701</b>
<b>Non-Operating Expenses</b>	<b>80,556</b>	<b>56,302</b>	<b>758,035</b>
<b>Income before Income Taxes</b>	<b>258,749</b>	<b>327,414</b>	<b>2,434,836</b>
Income Taxes:			
Current	2,272	519	21,389
Deferred	(715)	217	(6,732)
<b>Net Income</b>	<b>¥ 257,192</b>	<b>¥ 326,676</b>	<b>\$ 2,420,179</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.

**Mizuho Bank, Ltd.**

**Non-Consolidated Balance Sheet**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars
			2018
<b>Assets</b>			
Cash and Due from Banks	¥38,625,732	¥38,943,082	\$363,467,885
Call Loans	366,290	433,198	3,446,792
Receivables under Resale Agreements	639,352	596,194	6,016,300
Other Debt Purchased	443,136	728,080	4,169,913
Trading Assets	3,467,593	4,234,901	32,630,029
Money Held in Trust	3,076	3,137	28,949
Securities	33,189,959	31,264,703	312,317,300
Loans and Bills Discounted	70,997,730	71,262,838	668,088,174
Foreign Exchange Assets	1,994,728	1,769,212	18,770,381
Other Assets	6,406,960	5,470,641	60,289,456
Tangible Fixed Assets	805,831	828,363	7,582,865
Buildings	304,180	308,823	2,862,338
Land	409,880	415,294	3,856,969
Lease Assets	24,304	24,758	228,710
Construction in Progress	14,368	18,153	135,204
Other Tangible Fixed Assets	53,097	61,332	499,644
Intangible Fixed Assets	799,723	754,547	7,525,396
Software	198,776	223,925	1,870,482
Lease Assets	17,012	15,488	160,089
Other Intangible Fixed Assets	583,935	515,133	5,494,825
Prepaid Pension Cost	457,453	481,968	4,304,638
Customers' Liabilities for Acceptances and Guarantees	6,186,894	5,757,150	58,218,634
Reserves for Possible Losses on Loans	(259,853)	(437,689)	(2,445,216)
Reserve for Possible Losses on Investments	(319)	—	(3,010)
<b>Total Assets</b>	<b>¥164,124,289</b>	<b>¥162,090,330</b>	<b>\$1,544,408,486</b>

## Non-Consolidated Balance Sheet—(Continued)

As of March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits	¥121,068,919	¥117,881,635	\$1,139,257,735
Call Money	1,165,198	775,450	10,964,512
Payables under Repurchase Agreements	7,200,312	7,604,970	67,754,892
Guarantee Deposits Received under Securities Lending Transactions	610,357	335,575	5,743,462
Commercial Paper	710,391	765,146	6,684,778
Trading Liabilities	2,797,942	3,362,426	26,328,621
Borrowed Money	8,958,612	9,136,351	84,300,488
Foreign Exchange Liabilities	689,958	729,532	6,492,503
Bonds and Notes	2,421,033	3,726,331	22,781,913
Other Liabilities	4,530,602	4,453,787	42,632,942
Reserve for Bonus Payments	22,741	20,902	213,994
Reserve for Variable Compensation	1,293	1,269	12,176
Reserve for Possible Losses on Sales of Loans	1,075	298	10,118
Reserve for Contingencies	56	52	530
Reserve for Reimbursement of Deposits	18,097	17,575	170,296
Reserve for Reimbursement of Debentures	30,760	32,720	289,460
Deferred Tax Liabilities	181,914	186,153	1,711,815
Deferred Tax Liabilities for Revaluation Reserve for Land	66,186	66,585	622,813
Acceptances and Guarantees	6,186,894	5,757,150	58,218,634
<b>Total Liabilities</b>	<b>156,662,350</b>	<b>154,853,914</b>	<b>1,474,191,682</b>
<b>Net Assets</b>			
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock	1,404,065	1,404,065	13,212,242
Capital Surplus	2,286,328	2,286,328	21,514,341
Capital Reserve	655,418	655,418	6,167,480
Other Capital Surplus	1,630,910	1,630,910	15,346,861
Retained Earnings	2,544,238	2,298,416	23,941,271
Appropriated Reserve	266,664	225,810	2,509,309
Other Retained Earnings	2,277,574	2,072,606	21,431,962
Retained Earnings Brought Forward	2,277,574	2,072,606	21,431,962
<b>Valuation and Translation Adjustments</b>	<b>1,227,306</b>	<b>1,247,605</b>	<b>11,548,950</b>
Net Unrealized Gains (Losses) on Other Securities, net of Taxes	1,159,210	1,099,468	10,908,159
Net Deferred Hedge Gains (Losses), net of Taxes	(76,180)	2,527	(716,861)
Revaluation Reserve for Land, net of Taxes	144,277	145,609	1,357,652
<b>Total Net Assets</b>	<b>7,461,939</b>	<b>7,236,415</b>	<b>70,216,804</b>
<b>Total Liabilities and Net Assets</b>	<b>¥164,124,289</b>	<b>¥162,090,330</b>	<b>\$1,544,408,486</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.

## Non-Consolidated Statement of Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Income</b>			
Interest Income	¥1,329,397	¥1,204,728	\$12,509,620
<i>Loans and Bills Discounted</i>	881,798	820,861	8,297,721
<i>Securities</i>	264,815	257,345	2,491,916
Fee and Commission Income	463,170	470,240	4,358,435
Trading Income	56,629	81,202	532,881
Other Operating Income	157,685	191,592	1,483,817
Other Income	491,277	287,922	4,622,916
<b>Total Income</b>	<b>2,498,159</b>	<b>2,235,686</b>	<b>23,507,669</b>
<b>Expenses</b>			
Interest Expenses	651,748	484,970	6,132,950
<i>Deposits</i>	340,252	239,159	3,201,770
Fee and Commission Expenses	92,481	93,982	870,255
Trading Expenses	567	792	5,340
Other Operating Expenses	83,246	47,643	783,344
General and Administrative Expenses	905,103	901,693	8,517,017
Other Expenses	182,103	251,650	1,713,593
<b>Total Expenses</b>	<b>1,915,250</b>	<b>1,780,732</b>	<b>18,022,499</b>
<b>Income before Income Taxes</b>	<b>582,908</b>	<b>454,954</b>	<b>5,485,170</b>
Income Taxes:			
Current	135,348	129,486	1,273,625
Deferred	(1,332)	(17,098)	(12,537)
<b>Net Income</b>	<b>¥448,893</b>	<b>¥342,566</b>	<b>\$4,224,082</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.

**Non-Consolidated Balance Sheet**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars
			2018
<b>Assets</b>			
Cash and Due from Banks	¥1,751,680	¥1,699,040	\$16,483,306
Call Loans	2,869	6,956	27,000
Guarantee Deposits Paid under Securities Borrowing Transactions	220,934	113,046	2,078,995
Other Debt Purchased	7,989	9,196	75,184
Trading Assets	79,551	90,487	748,583
Money Held in Trust	3,199	3,286	30,103
Securities	1,091,950	1,253,105	10,275,243
Loans and Bills Discounted	3,433,750	3,326,296	32,311,570
Foreign Exchange Assets	2,268	2,596	21,345
Other Assets	171,731	83,804	1,615,992
Tangible Fixed Assets	21,762	23,617	204,784
Buildings	9,605	10,549	90,383
Land	9,185	10,153	86,431
Construction in Progress	—	1	—
Other Tangible Fixed Assets	2,972	2,913	27,970
Intangible Fixed Assets	35,041	33,477	329,738
Software	11,367	14,689	106,970
Other Intangible Fixed Assets	23,673	18,787	222,768
Prepaid Pension Cost	49,592	49,230	466,665
Customers' Liabilities for Acceptances and Guarantees	20,056	23,887	188,736
Reserves for Possible Losses on Loans	(1,850)	(4,779)	(17,409)
<b>Total Assets</b>	<b>¥6,890,529</b>	<b>¥6,713,251</b>	<b>\$64,839,835</b>

**Non-Consolidated Balance Sheet—(Continued)**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars
			2018
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits	¥3,878,768	¥3,715,010	\$36,499,188
Call Money	469,882	242,493	4,421,588
Payables under Repurchase Agreements	53,135	67,320	500,000
Guarantee Deposits Received under Securities Lending			
Transactions	180,728	310,303	1,700,658
Trading Liabilities	69,367	83,683	652,746
Borrowed Money	387,490	372,578	3,646,286
Bonds and Notes	10,000	10,000	94,100
Due to Trust Accounts	1,134,182	1,272,149	10,672,652
Other Liabilities	78,418	36,173	737,919
Reserve for Bonus Payments	2,097	1,976	19,742
Reserve for Variable Compensation	511	413	4,813
Reserve for Reimbursement of Deposits	1,913	1,496	18,008
Deferred Tax Liabilities	13,646	9,692	128,412
Acceptances and Guarantees	20,056	23,887	188,736
<b>Total Liabilities</b>	<b>6,300,200</b>	<b>6,147,179</b>	<b>59,284,848</b>
<b>Net Assets</b>			
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock	489,445	467,888	4,605,680
Capital Surplus	247,369	247,369	2,327,747
Capital Reserve	15,505	15,505	145,904
Capital Reserve	15,505	15,505	145,904
Retained Earnings	226,570	205,013	2,132,029
Appropriated Reserve	31,970	27,427	300,846
Other Retained Earnings	194,599	177,585	1,831,183
Retained Earnings Brought Forward	194,599	177,585	1,831,183
<b>Valuation and Translation Adjustments</b>	<b>100,882</b>	<b>98,183</b>	<b>949,307</b>
Net Unrealized Gains (Losses) on Other Securities, net of Taxes	99,258	96,529	934,023
Net Deferred Hedge Gains (Losses), net of Taxes	1,624	1,654	15,284
<b>Total Net Assets</b>	<b>590,328</b>	<b>566,071</b>	<b>5,554,987</b>
<b>Total Liabilities and Net Assets</b>	<b>¥6,890,529</b>	<b>¥6,713,251</b>	<b>\$64,839,835</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.



## Non-Consolidated Statement of Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Income</b>			
Fiduciary Income	¥54,819	¥50,075	\$515,849
Interest Income	43,672	39,805	410,961
<i>Loans and Bills Discounted</i>	25,388	25,817	238,906
<i>Securities</i>	13,731	12,259	129,214
Fee and Commission Income	65,373	58,874	615,166
Trading Income	954	1,180	8,982
Other Operating Income	4,103	14,483	38,611
Other Income	37,019	33,608	348,349
<b>Total Income</b>	<b>205,942</b>	<b>198,028</b>	<b>1,937,918</b>
<b>Expenses</b>			
Interest Expenses	12,595	10,221	118,526
<i>Deposits</i>	1,079	1,288	10,155
Fee and Commission Expenses	31,042	27,545	292,105
Trading Expenses	60	0	568
Other Operating Expenses	10,717	5,556	100,853
General and Administrative Expenses	87,276	86,723	821,273
Other Expenses	7,641	6,628	71,902
<b>Total Expenses</b>	<b>149,333</b>	<b>136,675</b>	<b>1,405,227</b>
<b>Income before Income Taxes</b>	<b>56,609</b>	<b>61,352</b>	<b>532,691</b>
Income Taxes:			
Current	13,097	16,787	123,249
Deferred	(761)	(917)	(7,163)
<b>Net Income</b>	<b>¥44,272</b>	<b>¥45,482</b>	<b>\$416,605</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.

**Non-Consolidated Balance Sheet**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars
			2018
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Due from Banks	¥294,441	¥249,691	\$2,770,696
Cash Segregated as Deposits for Customers and Others	323,923	230,214	3,048,117
Trading Assets	4,923,373	5,019,291	46,328,908
Trading Securities and Others	2,493,898	2,638,609	23,467,568
Derivatives	2,429,474	2,380,682	22,861,340
Receivables - unsettled Trades	—	169,960	—
Operating Investment Securities	25,362	21,762	238,665
Operating Loans Receivable	—	2,790	—
Receivables Related to Margin Transactions	127,764	96,255	1,202,259
Loans Receivable under Margin Transactions	49,424	35,251	465,083
Cash Collateral for Borrowed Securities under Margin Transactions	78,339	61,003	737,176
Collateralized Short-term Financing Agreements-receivable	4,998,221	3,821,571	47,033,236
Deposits Paid for Securities Borrowed	4,572,426	3,506,714	43,026,501
Securities Purchased under Agreements to Resell	425,795	314,856	4,006,735
Advances Paid	431	191	4,057
Short-term Guarantee Deposits	404,739	496,793	3,808,597
Securities: Fail to Deliver	29,956	28,695	281,890
Variation Margin Paid	1,548	—	14,572
Short-term Loans Receivable	55,741	22,459	524,529
Advance Payments	535	690	5,036
Prepaid Expenses	2,978	3,193	28,024
Accounts Receivable-other	21,697	6,495	204,171
Accrued income	27,406	26,456	257,894
Deferred Tax Assets	13,547	15,302	127,481
Other Current Assets	6,538	4,009	61,530
Less: Allowance for Doubtful Accounts	(9)	(6)	(85)
<b>Total Current Assets</b>	<b>11,258,198</b>	<b>10,215,819</b>	<b>105,939,577</b>
<b>Noncurrent Assets</b>			
Tangible Fixed Assets	14,647	15,087	137,835
Intangible Fixed Assets	55,378	50,195	521,115
Investments and Other Assets	295,186	297,330	2,777,704
Investment Securities	252,068	246,267	2,371,961
Long-term Guarantee Deposits	11,202	11,759	105,412
Prepaid Pension Cost	16,716	15,761	157,303
Deferred Tax Assets	3,154	3,815	29,679
Other	15,528	23,304	146,119
Less: Allowance for Doubtful Accounts	(3,482)	(3,578)	(32,770)
<b>Total Noncurrent Assets</b>	<b>365,213</b>	<b>362,614</b>	<b>3,436,654</b>
<b>Total Assets</b>	<b>¥11,623,412</b>	<b>¥10,578,433</b>	<b>\$109,376,231</b>

## Non-Consolidated Balance Sheet—(Continued)

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars
			2018
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trading Liabilities	¥4,311,658	¥3,771,283	\$40,572,679
Trading Securities and Others	2,068,613	1,299,676	19,465,640
Derivatives	2,243,045	2,471,607	21,107,039
Payables - unsettled trades	62,243	—	585,707
Payables Related to Margin Transactions	44,176	55,287	415,700
Borrowings on Margin Transactions	8,814	7,871	82,944
Cash Collateral for Loaned Securities under Margin Transactions	35,361	47,415	332,756
Collateralized Short-term Financing Agreements-payable	3,739,715	3,727,318	35,190,699
Deposits Received for Securities Loaned	1,212,841	1,255,986	11,412,826
Securities Sold under Agreements to Repurchase	2,526,874	2,471,331	23,777,873
Deposits Received	267,579	234,622	2,517,926
Guarantee Deposits Received	198,003	184,821	1,863,213
Securities: Fail to Receive	2,930	12,844	27,578
Variation Margin Received	—	1,640	—
Short-term Borrowings	833,668	716,603	7,844,812
Commercial Paper	334,200	111,300	3,144,820
Bonds and Notes Due within One year	46,672	55,323	439,189
Lease Obligations	364	375	3,428
Advances Received	174	230	1,639
Accounts Payable-other	961	840	9,047
Accrued Expenses	33,127	25,243	311,727
Income Taxes Payable	3,984	—	37,489
Reserve for Bonus Payments	9,563	13,432	89,997
Provision for Variable Compensation	954	855	8,983
Provision for Bonus Point Redemption	639	596	6,014
Other Current Liabilities	187	559	1,768
<b>Total Current Liabilities</b>	<b>9,890,805</b>	<b>8,913,179</b>	<b>93,072,415</b>
<b>Noncurrent Liabilities</b>			
Bonds and Notes	571,334	554,903	5,376,251
Long-term Borrowings	277,000	233,500	2,606,568
Lease Obligations	139	494	1,311
Provision for Retirement Benefits	19,744	19,536	185,799
Other Noncurrent Liabilities	1,540	1,647	14,497
<b>Total Noncurrent Liabilities</b>	<b>869,758</b>	<b>810,081</b>	<b>8,184,426</b>
<b>Statutory Reserves</b>			
Reserve for Financial Instrument Transaction Liabilities	2,361	2,291	22,218
<b>Total Statutory Reserves</b>	<b>2,361</b>	<b>2,291</b>	<b>22,218</b>
<b>Total Liabilities</b>	<b>¥10,762,925</b>	<b>¥9,725,551</b>	<b>\$101,279,059</b>

**Non-Consolidated Balance Sheet—(Continued)**

As of March 31,	Millions of yen		Thousands of
	2018	2017	U.S. dollars
			2018
<b>Net Assets</b>			
<b>Shareholders' Equity</b>			
Common Stock	¥125,167	¥125,167	\$1,177,824
Capital Surplus			
Additional Paid in Capital	285,831	285,831	2,689,672
Other Capital Surplus	95,817	95,817	901,646
Total Capital Surpluses	381,649	381,649	3,591,318
Retained Earnings			
Other Retained Earnings			
Retained Earnings Brought Forward	338,142	332,177	3,181,915
Total Retained Earnings	338,142	332,177	3,181,915
<b>Total Shareholders' Equity</b>	<b>844,958</b>	<b>838,993</b>	<b>7,951,057</b>
<b>Valuation and Translation Adjustments</b>			
Net Unrealized Gains on (Operating) Investment Securities, net of Tax	27,497	22,719	258,751
Net Deferred Gains or Losses on Hedges, net of Tax	(11,969)	(8,831)	(112,636)
<b>Total Valuation and Translation Adjustments</b>	<b>15,527</b>	<b>13,887</b>	<b>146,115</b>
<b>Total Net Assets</b>	<b>860,486</b>	<b>852,881</b>	<b>8,097,172</b>
<b>Total Liabilities and Net Assets</b>	<b>¥11,623,412</b>	<b>¥10,578,433</b>	<b>\$109,376,231</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.

## Non-Consolidated Statement of Income

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Operating Revenues</b>			
Commissions	¥142,534	¥149,114	\$1,341,249
Brokerage Commissions	30,818	26,284	290,005
Underwriting and Selling Fees, and Commissions from Solicitation to Qualifying Investors	24,966	34,848	234,938
Offering, Selling, and Other Commissions and Fees, and Commissions from Solicitation to Qualifying Investors	31,378	25,539	295,270
Other commissions and Fees	55,370	62,442	521,036
Net Gain on Trading	114,858	143,956	1,080,821
Net Gain on Operating Investment Securities	2,300	2,299	21,651
Interest and Dividend Income	67,061	45,756	631,046
<b>Total Operating Revenues</b>	<b>326,755</b>	<b>341,126</b>	<b>3,074,767</b>
<b>Interest Expenses</b>	<b>57,147</b>	<b>37,915</b>	<b>537,762</b>
<b>Net Operating Revenues</b>	<b>269,607</b>	<b>303,211</b>	<b>2,537,005</b>
<b>Selling, General and Administrative Expenses</b>	<b>236,574</b>	<b>239,455</b>	<b>2,226,166</b>
Transaction-related Expenses	49,676	51,513	467,454
Personnel Expenses	85,562	87,966	805,142
Real Estate Expenses	26,630	27,237	250,596
Administrative Expenses	49,272	49,355	463,654
Depreciation and Amortization	17,346	17,143	163,227
Taxes and Dues	4,854	2,801	45,676
Provision of Allowance for Doubtful Accounts	(58)	(40)	(551)
Other	3,290	3,477	30,968
<b>Operating Income</b>	<b>33,032</b>	<b>63,755</b>	<b>310,839</b>
<b>Non-operating Income</b>	<b>6,947</b>	<b>7,920</b>	<b>65,380</b>
<b>Non-operating Expenses</b>	<b>1,400</b>	<b>1,487</b>	<b>13,175</b>
<b>Ordinary Income</b>	<b>38,580</b>	<b>70,189</b>	<b>363,044</b>
<b>Extraordinary gain</b>	<b>4,286</b>	<b>119,276</b>	<b>40,331</b>
Gain on Sales of Noncurrent Assets	63	24	600
Gain on Sales of Investment Securities	3,668	977	34,523
Gain on Sales of Shares of Subsidiaries and Affiliates	553	118,274	5,208
<b>Extraordinary loss</b>	<b>5,015</b>	<b>2,554</b>	<b>47,199</b>
Loss on Disposal of Noncurrent Assets	314	194	2,963
Loss on Sale of Investment Securities	6	40	58
Loss on Impairment of Investment Securities	60	—	569
Loss on liquidation of Subsidiaries and Affiliates	—	1,129	—
Loss on Impairment of Golf Club Membership	0	6	1
Impairment Losses	2,758	841	25,962
Loss on Software Development	1,805	—	16,987
Cost Incurred in Opening of Joint Branches	—	55	—
Provision of Reserve for Financial Instruments Transaction Liabilities	70	285	659
<b>Income before Income Taxes</b>	<b>37,850</b>	<b>186,911</b>	<b>356,176</b>
Income Taxes – current	4,092	161	38,514
Income Taxes – deferred	1,596	(13,968)	15,023
<b>Total Income Taxes</b>	<b>5,689</b>	<b>(13,806)</b>	<b>53,537</b>
<b>Net Income</b>	<b>¥32,161</b>	<b>¥200,718</b>	<b>\$302,639</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥106.27=US\$1.00, the foreign exchange rate on March 31, 2018, has been used for translation.



## ***Basel Regulatory Disclosures***

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Under the capital adequacy ratio regulations agreed upon by the Basel Committee on Banking Supervision, banks are required to meet certain minimum capital requirements. We calculate our capital adequacy ratio on a consolidated basis based on “the criteria used by a bank holding company for deciding whether or not the adequacy of equity capital of the bank holding company and its subsidiaries is appropriate in light of the assets owned by the bank holding company and its subsidiaries pursuant to Article 52-25 of the Banking Law” (Financial Services Agency, or FSA, Notice No.20 issued in 2006).

We also calculate our leverage ratio on a consolidated basis according to “the leverage ratio on a consolidated basis separately prescribed by the Commissioner of the Financial Services Agency according to Article 1 Paragraph 1 item 7 of the Matters Separately Prescribed by the Commissioner of the Financial Services Agency Regarding Status of the Adequacy of Equity Capital pursuant to Article 19-2 Paragraph 1 Item 5 Sub-item (d) etc. of the Ordinance for the Enforcement of the Banking Law” (FSA Notice No.13 issued in 2015).

Liquidity standards agreed upon by the Basel Committee on Banking Supervision require our liquidity coverage ratio to surpass certain minimum standards. We calculate our consolidated liquidity coverage ratio (the “Consolidated LCR”) in accordance with the regulation “The Evaluation Criterion on the Sound Management of Liquidity Risk Defined, Based on Banking Law Article 52-25, as One of Criteria for Bank Holding Companies to Evaluate the Soundness of Their Management and the Ones of Their Subsidiaries and Others, which is also One of Evaluation Criteria on the Soundness of the Banks' Management”(the FSA Notice No. 62 of 2015 (the “Notice No. 62”)).

## ■ Key Metrics

### KM1: Key Metrics

(millions of yen, except percentages)

Basel III Template No.		a	b	c	d	e
		As of March 31, 2018	As of December 31, 2017	As of September 30, 2017	As of June 30, 2017	As of March 31, 2017
<b>Capital</b>						
1	Common Equity Tier 1 capital	¥7,437,048	¥7,597,964	¥7,280,598	¥7,157,984	¥7,001,664
2	Tier 1 capital	9,192,244	9,321,858	9,004,810	8,423,437	8,211,522
3	Total capital	10,860,440	11,260,104	10,946,675	10,410,297	10,050,953
<b>Risk weighted assets</b>						
4	Risk weighted assets	59,528,983	63,414,867	61,695,509	61,785,213	61,717,158
<b>Capital ratio</b>						
5	Common Equity Tier 1 capital ratio	12.49%	11.98%	11.80%	11.58%	11.34%
6	Tier 1 capital ratio	15.44%	14.69%	14.59%	13.63%	13.30%
7	Total capital ratio	18.24%	17.75%	17.74%	16.84%	16.28%
<b>Capital buffer</b>						
8	Capital conservation buffer requirement	1.87%	1.25%	1.25%	1.25%	1.25%
9	Countercyclical buffer requirement	0.01%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB/D-SIB additional requirements	0.75%	0.50%	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements	2.63%	1.75%	1.75%	1.75%	1.75%
12	CET1 available after meeting the bank's minimum capital requirements	7.99%	7.48%	7.30%	7.08%	6.84%
<b>Leverage ratio</b>						
13	Total exposures	214,277,824	217,478,350	217,304,488	208,006,656	207,401,679
14	Leverage ratio	4.28%	4.28%	4.14%	4.04%	3.95%
<b>Liquidity coverage ratio (LCR)</b>						
15	Total HQLA allowed to be included in the calculation	60,159,630	63,459,113	60,568,697	61,146,475	59,034,682
16	Net cash outflows	¥50,079,075	¥50,808,181	¥48,025,220	¥47,132,781	¥45,611,601
17	LCR	120.1%	124.8%	126.1%	129.7%	129.4%

Note: Base III Template No. from 15 to 17 are quarterly averages.



Following the partial revision of "Matters Separately Prescribed by the Commissioner of the Financial Services Agency Regarding Status of the Adequacy of Equity Capital Pursuant to Article 19-2, Paragraph 1, Item 5, Sub-item (d), etc. of the Ordinance for the Enforcement of the Banking Law," the disclosure of any information concerning the fiscal year ended March 31, 2018 is made in accordance with the relevant FSA Notice issued after the revision (the "New FSA Notice"). The figures relating to our banking activities for the fiscal year ended March 31, 2017 are disclosed in accordance with the relevant FSA Notice issued before the revision (the "Old FSA Notice") (See pages 294 to 310 for the disclosure items which are different from those disclosed according to the new FSA Notice).

■ Scope of Consolidation

(1) Scope of Consolidation for Calculating Consolidated Capital Adequacy Ratio

(a) Difference from the Companies Included in the Scope of Consolidation Based on Consolidation Rules for Preparation of Consolidated Financial Statements (the "Scope of Accounting Consolidation")

None as of March 31, 2018 and 2017

(b) Number of Consolidated Subsidiaries

	As of March 31, 2018	As of March 31, 2017
<b>Consolidated subsidiaries</b>	<b>124</b>	<b>139</b>

Our major consolidated subsidiaries are Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd. and Mizuho Securities Co., Ltd.

The following table sets forth information with respect to our principal consolidated subsidiaries as of March 31, 2018:

Name	Country of organization	Main business	Proportion of ownership interest (%)	Proportion of voting interest (%)
<b>Domestic</b>				
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
Mizuho Research Institute Ltd. ....	Japan	Research and consulting	98.6	98.6
Mizuho Information & Research Institute Inc. .	Japan	Information technology	91.5	91.5
Asset Management One Co., Ltd. ....	Japan	Investment management	70.0	51.0
Trust & Custody Services Bank, Ltd. ....	Japan	Trust and banking	54.0	54.0
Mizuho Private Wealth Management Co., Ltd. Japan	Japan	Consulting	100.0	100.0
Mizuho Credit Guarantee Co., Ltd. ....	Japan	Credit guarantee	100.0	100.0
Mizuho Realty Co., Ltd. ....	Japan	Real estate agency	100.0	100.0
Mizuho Factors, Limited .....	Japan	Factoring	100.0	100.0
Mizuho Realty One Co., Ltd. ....	Japan	Holding company	100.0	100.0
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
J.Score CO., LTD.....	Japan	Lending	50.0	50.0
Mizuho Trust Systems Company, Limited. ....	Japan	Subcontracted calculation services, software development	50.0	50.0
Mizuho Capital Co., Ltd. ....	Japan	Venture capital	50.0	50.0

Name	Country of organization	Main business	Proportion of ownership interest (%)	Proportion of voting interest (%)
<b>Overseas</b>				
Mizuho Americas LLC .....	U.S.A.	Holding company	100.0	100.0
Mizuho Bank (China), Ltd. ....	China	Banking	100.0	100.0
Mizuho International plc .....	U.K.	Securities and banking	100.0	100.0
Mizuho Securities Asia Limited .....	China	Securities	100.0	100.0
Mizuho Securities USA LLC .....	U.S.A.	Securities	100.0	100.0
Mizuho Bank Europe N.V. ....	Netherlands	Banking and securities	100.0	100.0
Banco Mizuho do Brasil S.A. ....	Brazil	Banking	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 and trust	100.0	100.0
Mizuho Bank (Switzerland) Ltd .....	Switzerland	Banking and trust	100.0	100.0
Mizuho Capital Markets LLC .....	U.S.A.	Derivatives	100.0	100.0
PT. Bank Mizuho Indonesia .....	Indonesia	Banking	99.0	99.0

**(c) Corporations Providing Financial Services for Which Article 9 of the FSA Notice No. 20 is Applicable**

None as of March 31, 2018 and 2017.

**(d) Companies that are in the Bank Holding Company's Corporate Group but not Included in the Scope of Accounting Consolidation and Companies that are not in the Bank Holding Company's Corporate Group but Included in the Scope of Accounting Consolidation**

None as of March 31, 2018 and 2017.

**(e) Restrictions on Transfer of Funds or Capital within the Bank Holding Company's Corporate Group**

None as of March 31, 2018 and 2017.

**(f) Names of Any Other Financial Institutions, etc., Classified as Subsidiaries or Other Members of the Bank Holding Company that are Deficient in Regulatory Capital**

None as of March 31, 2018 and 2017.

**■ Risk-based Capital**

**(1) Summary of Approach to Assessing Capital Adequacy**

In order to ensure that risk-based capital is sufficiently maintained in light of the risk held by us, we regularly conduct the following assessment of capital adequacy in addition to adopting a suitable and effective capital adequacy monitoring structure.

***Maintaining a sufficient BIS capital ratio***

We confirm our maintenance of a high level of financial soundness by conducting regular evaluations to examine whether our risk-based capital is adequate in qualitative as well as quantitative terms, in light of our business plans and strategic targets to match the increase in risk-weighted assets acquired for growth, in addition to maintaining our capital above the minimum requirements of common equity Tier 1 capital ratio, Tier 1 capital ratio, total capital ratio and capital buffer ratio.

***Balancing risk and capital***

On the basis of the framework for allocating risk capital, after obtaining the clearest possible grasp of the group's overall risk exposure, we endeavor to control risk so as to keep it within the range of our business capacity by means of allocating capital that corresponds to the amount of risk to the principal banking subsidiaries, etc., within the bounds of our capital, and we conduct regular assessments to ensure that a sufficient level of capital is maintained for our risk profile. When making these assessments, we calculate the potential losses arising from assumed stress events and risk volumes, which we assess whether they balance with the group's capital. Stress events are based on risk scenarios that are formulated based on the current economic condition and the economic outlook, etc. and from scenarios such as the occurrence of historical stress events. In addition, we examine whether an appropriate return on risk is maintained in the assessments.

**(2) Composition of Capital, etc.****(a) Composition of Capital Disclosure (International Standard)**

(Millions of yen)

Basel III template		As of March 31, 2018		As of March 31, 2017	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
<b>Common equity Tier 1 capital: instruments and reserves (1)</b>					
1a+2-1c-26	Directly issued qualifying common share capital plus related stock surplus and retained earnings	¥7,292,638	¥/	¥6,905,510	¥/
1a	of which: capital and stock surplus	3,391,471	/	3,390,691	/
2	of which: retained earnings	4,002,350	/	3,614,841	/
1c	of which: treasury stock (-)	5,997	/	4,849	/
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	95,186	/	95,173	/
	of which: other than above	-	/	-	/
1b	Subscription rights to common shares	1,163	/	1,754	/
3	Accumulated other comprehensive income and other disclosed reserves	1,677,534	/	1,216,780	304,195
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	14,344	/	14,537	/
	Total of items included in common equity Tier 1 capital: instruments and reserves subject to phase-out arrangements	/	/	22,881	/
	of which: amount allowed in group CET1 capital subject to phase-out arrangements on common share capital issued by subsidiaries and held by third parties	/	/	22,881	/
6	Common equity Tier 1 capital: instruments and reserves (A)	8,985,680	/	8,161,464	/
<b>Common equity Tier 1 capital: regulatory adjustments (2)</b>					
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	794,953	/	619,806	154,951
8	of which: goodwill (net of related tax liability, including those equivalent)	85,103	/	79,695	19,923
9	of which: other intangibles other than goodwill and mortgage servicing rights (net of related tax liability)	709,850	/	540,111	135,027
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	42,352	/	36,601	9,150
11	Deferred gains or losses on derivatives under hedge accounting	¥(67,578)	¥/	¥8,137	¥2,034

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

**(a) Composition of Capital Disclosure (International Standard)-(Continued)**

(Millions of yen)

Basel III template		As of March 31, 2018		As of March 31, 2017	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
12	Shortfall of eligible provisions to expected losses	¥61,964	¥/	¥9,381	¥2,352
13	Securitization gain on sale	-	/	52	13
14	Gains and losses due to changes in own credit risk on fair valued liabilities	3,960	/	593	148
15	Net defined benefit asset	691,380	/	443,158	110,789
16	Investments in own shares (excluding those reported in the net assets section)	1,457	/	5,473	1,368
17	Reciprocal cross-holdings in common equity	-	/	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	20,140	/	36,595	9,148
19+20+21	Amount exceeding the 10% threshold on specified items	-	/	-	-
19	of which: significant investments in the common stock of financials	-	/	-	-
20	of which: mortgage servicing rights	-	/	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	/	-	-
22	Amount exceeding the 15% threshold on specified items	-	/	-	-
23	of which: significant investments in the common stock of financials	-	/	-	-
24	of which: mortgage servicing rights	-	/	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	/	-	-
27	Regulatory adjustments applied to common equity Tier 1 due to insufficient additional Tier 1 and Tier 2 to cover deductions	-	/	-	/
28	Common equity Tier 1 capital: regulatory adjustments (B)	1,548,631	/	1,159,800	/
<b>Common equity Tier 1 capital (CET1)</b>					
29	Common equity Tier 1 capital (CET1) ((A)-(B)) (C)	¥7,437,048	¥/	¥7,001,664	¥/

**(a) Composition of Capital Disclosure (International Standard)-(Continued)**

(Millions of yen)

Basel III template			As of March 31, 2018		As of March 31, 2017	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
<b>Additional Tier 1 capital: instruments (3)</b>						
30	31a	Directly issued qualifying additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards and the breakdown	¥-	¥/	¥-	¥/
30	31b	Subscription rights to additional Tier 1 instruments	-	/	-	/
30	32	Directly issued qualifying additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	1,220,000	/	760,000	/
30		Qualifying additional Tier 1 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	-	/	-	/
34-35		Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	31,317	/	31,786	/
33+35		Eligible Tier 1 capital instruments subject to phase-out arrangements included in additional Tier 1 capital: instruments	577,500	/	577,500	/
33		of which: directly issued capital instruments subject to phase out from additional Tier 1	577,500	/	577,500	/
35		of which: instruments issued by subsidiaries subject to phase out	-	/	-	/
		Total of items included in additional Tier 1 capital: instruments subject to phase-out arrangements	/	/	(13,931)	/
		of which: foreign currency translation adjustments	/	/	(13,931)	/
36		Additional Tier 1 capital: instruments (D)	1,828,817	/	1,355,354	/
<b>Additional Tier 1 capital: regulatory adjustments</b>						
37		Investments in own additional Tier 1 instruments	-	/	-	-
38		Reciprocal cross-holdings in additional Tier 1 instruments	¥-	¥/	¥-	¥-

**(a) Composition of Capital Disclosure (International Standard)-(Continued)**

(Millions of yen)

		As of March 31, 2018		As of March 31, 2017	
Basel III template		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	¥121	¥/	¥38	¥9
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	73,500	/	117,600	29,400
	Total of items included in additional Tier 1 capital: regulatory adjustments subject to phase-out arrangements	/	/	27,858	/
	of which: goodwill equivalent	/	/	14,954	/
	of which: intangible fixed assets recognized as a result of a merger	/	/	11,717	/
	of which: capital increase due to securitization transactions	/	/	13	/
	of which: 50% of excess of expected losses relative to eligible reserves by banks adopting internal ratings-based approach	/	/	1,172	/
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-	/	-	/
43	Additional Tier 1 capital: regulatory adjustments (E)	73,621	/	145,496	/
<b>Additional Tier 1 capital (AT1)</b>					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,755,195	/	1,209,858	/
<b>Tier 1 capital (T1 = CET1 + AT1)</b>					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	9,192,244	/	8,211,522	/
<b>Tier 2 capital: instruments and provisions (4)</b>					
46	Directly issued qualifying Tier 2 instruments plus related stock surplus of which: classified as equity under applicable accounting standards and the breakdown	-	/	-	/
46	Subscription rights to Tier 2 instruments	¥-	¥/	¥-	¥/

**(a) Composition of Capital Disclosure (International Standard)-(Continued)**

(Millions of yen)

Basel III template		As of March 31, 2018		As of March 31, 2017	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
46	Directly issued qualifying Tier 2 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	¥828,702	¥/	¥684,150	¥/
46	Tier 2 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	159,405	/	168,300	/
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	10,378	/	10,574	/
47+49	Eligible Tier 2 capital instruments subject to phase-out arrangements included in Tier 2: instruments and provisions	674,824	/	842,133	/
47	of which: directly issued capital instruments subject to phase out from Tier 2	135,135	/	168,022	/
49	of which: instruments issued by subsidiaries subject to phase out	539,688	/	674,110	/
50	Total of general allowance for loan losses and eligible provisions included in Tier 2	4,794	/	6,510	/
50a	of which: general allowance for loan losses	4,794	/	6,510	/
50b	of which: eligible provisions	-	/	-	/
	Total of items included in Tier 2 capital: instruments and provisions subject to phase-out arrangements	/	/	180,319	/
	of which: 45% of unrealized gains on other securities	/	/	161,221	/
	of which: 45% of revaluation reserve for land	/	/	19,097	/
51	Tier 2 capital: instruments and provisions (H)	1,678,105	/	1,891,987	/
<b>Tier 2 capital: regulatory adjustments</b>					
52	Investments in own Tier 2 instruments	1,892	/	409	102
53	Reciprocal cross-holdings in Tier 2 instruments	-	/	-	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	¥8,016	¥/	¥16,413	¥4,103

**(a) Composition of Capital Disclosure (International Standard)-(Continued)**

(Millions of yen)

Basel III template		As of March 31, 2018		As of March 31, 2017	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	¥-	¥/	¥-	¥-
	Total of items included in Tier 2 capital: regulatory adjustments subject to phase-out arrangements	/	/	35,732	/
	of which: investments in the capital banking, financial and insurance entities	/	/	34,559	/
	of which: 50% of excess of expected losses relative to eligible reserves by banks adopting internal ratings-based approach	/	/	1,172	/
57	Tier 2 capital: regulatory adjustments (I)	9,908	/	52,555	/
<b>Tier 2 capital (T2)</b>					
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,668,196	/	1,839,431	/
<b>Total capital (TC = T1 + T2)</b>					
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	10,860,440	/	10,050,953	/
<b>Risk weighted assets (5)</b>					
	Total of items included in risk weighted assets subject to phase-out arrangements	/	/	260,992	/
	of which: intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	/	/	123,310	/
	of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	/	/	9,150	/
	of which: net defined benefit asset	/	/	110,789	/
	of which: investments in the capital banking, financial and insurance entities	/	/	17,742	/
60	Risk weighted assets (L)	¥59,528,983	¥/	¥61,717,158	¥/
<b>Capital ratio (consolidated)</b>					
61	Common equity Tier 1 capital ratio (consolidated) ((C)/(L))	12.49%	/	11.34%	/



**(a) Composition of Capital Disclosure (International Standard)-(Continued)**

(Millions of yen)

		As of March 31, 2018		As of March 31, 2017	
Basel III template			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
62	Tier 1 capital ratio (consolidated) ((G)/(L))	15.44%	/	13.30%	/
63	Total capital ratio (consolidated) ((K)/(L))	18.24%	/	16.28%	/
<b>Regulatory adjustments (6)</b>					
72	Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)	¥745,717	¥/	¥703,872	¥/
73	Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting)	142,407	/	118,358	/
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	/	-	/
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	185,172	/	182,672	/
<b>Provisions included in Tier 2 capital: instruments and provisions (7)</b>					
76	Provisions (general allowance for loan losses)	4,794	/	6,510	/
77	Cap on inclusion of provisions (general allowance for loan losses)	43,678	/	46,343	/
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	-	/	-	/
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	284,521	/	299,309	/
<b>Capital instruments subject to phase-out arrangements (8)</b>					
82	Current cap on AT1 instruments subject to phase-out arrangements	833,255	/	1,041,569	/
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	-	/	-	/
84	Current cap on T2 instruments subject to phase-out arrangements	674,824	/	843,530	/
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	¥7,304	¥/	¥-	¥/

Notes: 1. The above figures are calculated based on the international standard applied on a consolidated basis under the FSA Notice No. 20.

2. In calculating the consolidated capital adequacy ratio, we underwent an examination following the procedures agreed with Ernst & Young ShinNihon LLC, on the basis of "Treatment in implementing examination by agreed-upon procedures for calculating capital adequacy ratio" (Industry Committee Practical Guideline No. 30 of the Japanese Institute of Certified Public Accountants). Note that this is not a part of the accounting audit performed on our consolidated financial statements. This consists of an examination under agreed-upon procedures performed by Ernst & Young ShinNihon LLC on a portion of the internal control structure concerning the calculation of the capital adequacy ratio and a report of the results to us. As such, they do not represent an opinion regarding the capital adequacy ratio itself nor the internal controls related to the calculation of the capital adequacy ratio.

**(b) Explanation of (a) Composition of Capital Disclosure**

Reconciliation between "Consolidated balance sheet" and items of consolidated balance sheet and "Composition of capital disclosure"

Items	(Millions of yen)		Cross-reference to Appended template	Reference # of Basel III template under the Composition of capital disclosure
	Consolidated balance sheet as in published financial statements			
	As of March 31, 2018	As of March 31, 2017		
<b>(Assets)</b>				
Cash and due from banks	¥47,725,360	¥47,129,583		
Call loans and bills purchased	715,149	1,035,746		
Receivables under resale agreements	8,080,873	8,967,777		
Guarantee deposits paid under securities borrowing transactions	4,350,527	3,350,051		
Other debt purchased	2,713,742	2,745,204		
Trading assets	10,507,133	10,361,787	6-a	
Money held in trust	337,429	247,583		
Securities	34,183,033	32,353,158	2-b, 6-b	
Loans and bills discounted	79,421,473	78,337,793	6-c	
Foreign exchange assets	1,941,677	1,828,782		
Derivatives other than for trading assets	1,807,999	2,170,750	6-d	
Other assets	4,588,484	4,180,339	6-e	
Tangible fixed assets	1,111,128	1,136,329		
Intangible fixed assets	1,092,708	1,045,486	2-a	
Net defined benefit asset	996,173	797,762	3	
Deferred tax assets	47,839	56,066	4-a	
Customers' liabilities for acceptances and guarantees	5,723,186	5,273,581		
Reserves for possible losses on loans	(315,621)	(509,175)		
<b>Total assets</b>	<b>¥205,028,300</b>	<b>¥200,508,610</b>		
<b>(Liabilities)</b>				
Deposits	¥125,081,233	¥120,045,217		
Negotiable certificates of deposit	11,382,590	10,631,277		
Call money and bills sold	2,105,293	1,255,172		
Payables under repurchase agreements	16,656,828	17,969,753		
Guarantee deposits received under securities lending transactions	1,566,833	1,679,300		
Commercial paper	710,391	789,705		
Trading liabilities	8,121,543	7,923,285	6-f	
Borrowed money	4,896,218	6,307,230	8-a	
Foreign exchange liabilities	445,804	526,053		
Short-term bonds	362,185	226,348		
Bonds and notes	7,544,256	7,564,535	8-b	

**(b) Explanation of (a) Composition of Capital Disclosure-(Continued)**

(Millions of yen)				
Items	Consolidated balance sheet as in published financial statements		Cross-reference to Appended template	Reference # of Basel III template under the Composition of capital disclosure
	As of March 31, 2018	As of March 31, 2017		
Due to trust accounts	¥4,733,131	¥4,784,077		
Derivatives other than for trading liabilities	1,514,483	1,784,857	6-g	
Other liabilities	3,685,585	3,883,168		
Reserve for bonus payments	66,872	67,633		
Reserve for variable compensation	3,242	3,018		
Net defined benefit liability	58,890	55,236		
Reserve for director and corporate auditor retirement benefits	1,460	1,327		
Reserve for possible losses on sales of loans	1,075	298		
Reserve for contingencies	5,622	5,680		
Reserve for reimbursement of deposits	20,011	19,072		
Reserve for reimbursement of debentures	30,760	32,720		
Reserves under special laws	2,361	2,309		
Deferred tax liabilities	421,002	337,800	4-b	
Deferred tax liabilities for revaluation reserve for land	66,186	66,585	4-c	
Acceptances and guarantees	5,723,186	5,273,581		
<b>Total liabilities</b>	<b>¥195,207,054</b>	<b>¥191,235,249</b>		
<b>(Net assets)</b>				
Common stock and preferred stock	2,256,548	2,256,275	1-a	
Capital surplus	1,134,922	1,134,416	1-b	
Retained earnings	4,002,835	3,615,449	1-c	
Treasury stock	(5,997)	(4,849)	1-d	
<b>Total shareholders' equity</b>	<b>¥7,388,309</b>	<b>¥7,001,291</b>		
Net unrealized gains (losses) on other securities	1,392,392	1,289,985		
Deferred gains or losses on hedges	(67,578)	10,172	5	
Revaluation reserve for land	144,277	145,609		
Foreign currency translation adjustments	(85,094)	(69,657)		
Remeasurements of defined benefit plans	293,536	144,866		
<b>Total accumulated other comprehensive income</b>	<b>¥1,677,534</b>	<b>¥1,520,976</b>		3
<b>Stock acquisition rights</b>	<b>1,163</b>	<b>1,754</b>		1b
<b>Non-Controlling interests</b>	<b>754,239</b>	<b>749,339</b>	7	
<b>Total net assets</b>	<b>¥9,821,246</b>	<b>¥9,273,361</b>		
<b>Total liabilities and net assets</b>	<b>¥205,028,300</b>	<b>¥200,508,610</b>		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

**Appended template**

**1. Shareholders' Equity**

(1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
1-a	Common stock and preferred stock	¥2,256,548	¥2,256,275	
1-b	Capital surplus	1,134,922	1,134,416	
1-c	Retained earnings	4,002,835	3,615,449	
1-d	Treasury stock	(5,997)	(4,849)	
	<b>Total shareholders' equity</b>	<b>¥7,388,309</b>	<b>¥7,001,291</b>	

(2) Composition of Capital

(Millions of yen)

Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
	Directly issued qualifying common share capital plus related stock surplus and retained earnings	¥7,387,824	¥7,000,683	Shareholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))
1a	of which: capital and stock surplus	3,391,471	3,390,691	
2	of which: retained earnings	4,002,350	3,614,841	
1c	of which: treasury stock (-)	5,997	4,849	
	of which: other than above	-	-	
31a	Directly issued qualifying additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	

## 2. Intangible Fixed Assets

### (1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
2-a	Intangible fixed assets	¥1,092,708	¥1,045,486	
2-b	Securities	34,183,033	32,353,158	
	of which: share of goodwill of companies accounted for using the equity method	14,588	24,846	Share of goodwill of companies accounted for using the equity method
	Income taxes related to above	¥(312,342)	¥(295,574)	

### (2) Composition of Capital

(Millions of yen)

Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
8	Goodwill (net of related tax liability, including those equivalent)	¥85,103	¥99,619	
9	Other intangibles other than goodwill and mortgage servicing rights (net of related tax liability)	709,850	675,139	Software and other
	Mortgage servicing rights (net of related tax liability)	-	-	
20	Amount exceeding the 10% threshold on specified items	-	-	
24	Amount exceeding the 15% threshold on specified items	-	-	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	-	

## 3. Net defined Benefit Asset

### (1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
3	Net defined benefit asset	¥996,173	¥797,762	
	Income taxes related to above	¥(304,793)	¥(243,814)	

### (2) Composition of Capital

(Millions of yen)

Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
15	Net defined benefit asset	¥691,380	¥553,947	

Status of Mizuho Financial Group's Consolidated Capital Adequacy

4. Deferred Tax Assets

(1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
4-a	Deferred tax assets	¥47,839	¥56,066	
4-b	Deferred tax liabilities	421,002	337,800	
4-c	Deferred tax liabilities for revaluation reserve for land	66,186	66,585	
	Tax effects on intangible fixed assets	¥312,342	¥295,574	
	Tax effects on net defined benefit asset	304,793	243,814	

(2) Composition of Capital

(Millions of yen)

Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	¥42,352	¥45,751	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
	Deferred tax assets that rely on future profitability arising from temporary differences (net of related tax liability)	185,172	182,672	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
21	Amount exceeding the 10% threshold on specified items	-	-	
25	Amount exceeding the 15% threshold on specified items	-	-	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	185,172	182,672	

## 5. Deferred Gains or Losses on Derivatives under Hedge Accounting

### (1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
5	Deferred gains or losses on hedges	¥(67,578)	¥10,172	

### (2) Composition of Capital

(Millions of yen)

Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
11	Deferred gains or losses on derivatives under hedge accounting	¥(67,578)	¥10,172	

## 6. Items Associated with Investments in the Capital of Financial Institutions

### (1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
6-a	Trading assets	¥10,507,133	¥10,361,787	Including trading account securities and derivatives for trading assets
6-b	Securities	34,183,033	32,353,158	
6-c	Loans and bills discounted	79,421,473	78,337,793	Including subordinated loans
6-d	Derivatives other than for trading assets	1,807,999	2,170,750	
6-e	Other assets	4,588,484	4,180,339	Including money invested
6-f	Trading liabilities	8,121,543	7,923,285	Including trading account securities sold
6-g	Derivatives other than for trading liabilities	1,514,483	1,784,857	

**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

(2) Composition of Capital		(Millions of yen)		
Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
	Investments in own capital instruments	¥3,349	¥7,353	
16	Common equity Tier 1 capital	1,457	6,842	
37	Additional Tier 1 capital	-	-	
52	Tier 2 capital	1,892	511	
	Reciprocal cross-holdings in the capital of banking, financial and insurance entities	-	-	
17	Common equity Tier 1 capital	-	-	
38	Additional Tier 1 capital	-	-	
53	Tier 2 capital	-	-	
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	773,996	770,182	
18	Common equity Tier 1 capital	20,140	45,743	
39	Additional Tier 1 capital	121	48	
54	Tier 2 capital	8,016	20,517	
72	Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)	745,717	703,872	
	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	215,907	265,358	
19	Amount exceeding the 10% threshold on specified items	-	-	
23	Amount exceeding the 15% threshold on specified items	-	-	
40	Additional Tier 1 capital	73,500	147,000	
55	Tier 2 capital	-	-	
73	Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting)	142,407	118,358	



## 7. Non-Controlling Interests

### (1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
7	Non-Controlling interests	¥754,239	¥749,339	

### (2) Composition of Capital

(Millions of yen)

Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	¥14,344	¥14,537	After reflecting amounts eligible for inclusion (non-controlling interest after adjustments)
30-31ab-32	Qualifying additional Tier 1 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	-	-	After reflecting amounts eligible for inclusion (non-controlling interest after adjustments)
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	31,317	31,786	After reflecting amounts eligible for inclusion (non-controlling interest after adjustments)
46	Tier 2 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	159,405	168,300	After reflecting amounts eligible for inclusion (non-controlling interest after adjustments)
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	10,378	10,574	After reflecting amounts eligible for inclusion (non-controlling interest after adjustments)

## 8. Other Capital Instruments

### (1) Consolidated Balance Sheet

(Millions of yen)

Ref.	Consolidated balance sheet items	As of March 31, 2018	As of March 31, 2017	Remarks
8-a	Borrowed money	¥4,896,218	¥6,307,230	
8-b	Bonds and notes	7,544,256	7,564,535	
	Total	¥12,440,475	¥13,871,765	

**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

(2) Composition of Capital		(Millions of yen)		
Basel III template	Composition of capital disclosure	As of March 31, 2018	As of March 31, 2017	Remarks
	Directly issued qualifying additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	¥1,220,000	¥760,000	
32				
	Directly issued qualifying Tier 2 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	828,702	684,150	
46				

Note: Amounts as of March 31, 2017 in the "Composition of capital disclosure" are based on those before considering amounts under transitional arrangements and include "Amounts excluded under transitional arrangements" disclosed in "(A) Composition of Capital Disclosure" as well as amounts included as regulatory capital. In addition, items for regulatory purposes under transitional arrangements are excluded from this table.

## ■ Summary of Risk Management and Risk-weighted Assets (RWA)

### (1) Summary of Our Group's Risk Profile, Risk Management Policies/ Procedures and Structure

See pages 79 to 84 for a summary of our group's risk profile and risk management policies, etc.

### (2) Summary of RWA

#### (A) OV1: Overview of Risk-weighted Assets (RWA)

(Millions of yen)

Basel III Template No.		a	b	c	d
		RWA		capital requirements	
		As of March 31, 2018	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017
1	<b>Credit risk (excluding counterparty credit risk)</b>	<b>¥38,823,030</b>	/	<b>¥3,275,858</b>	/
2	Of which: standardized approach (SA)	1,820,063	/	145,605	/
3	Of which: internal rating-based (IRB) approach	35,420,038	/	3,003,619	/
	Of which: significant investments	-	/	-	/
	Of which: estimated residual value of lease transaction	-	/	-	/
	Others	1,582,929	/	126,634	/
4	<b>Counterparty credit risk (CCR)</b>	<b>4,531,171</b>	/	<b>366,994</b>	/
5	Of which: SA-CCR	-	/	-	/
	Of which: current exposure method	216,424	/	17,723	/
6	Of which: expected positive exposure (EPE) method	887,843	/	74,632	/
	Of which: credit valuation adjustment (CVA) risk	2,539,780	/	203,182	/
	Of which: central counterparty-related	193,088	/	15,447	/
	Others	694,035	/	56,009	/
7	<b>Equity positions in banking book under market-based approach</b>	<b>2,972,073</b>	/	<b>252,031</b>	/
	<b>Fund exposures - standardized approach</b>	-	/	-	/
	<b>Fund exposures - regarded method</b>	<b>3,515,582</b>	/	<b>297,289</b>	/
11	<b>Settlement risk</b>	<b>4,574</b>	/	<b>386</b>	/
12	<b>Securitization exposures in banking book</b>	<b>379,016</b>	/	<b>32,003</b>	/
13	Of which: IRB ratings-based approach (RBA) or IRB internal assessment approach (IAA)	110,551	/	9,374	/
14	Of which: IRB supervisory formula approach (SFA)	231,492	/	19,630	/
15	Of which: SA/simplified supervisory formula approach (SSFA)	25,711	/	2,056	/
	Of which: 1250% risk weight is applied	11,261	/	941	/
16	<b>Market risk</b>	<b>2,470,321</b>	/	<b>197,625</b>	/
17	Of which: standardized approach (SA)	1,406,398	/	112,511	/
18	Of which: internal model approaches (IMA)	1,063,922	/	85,113	/
19	<b>Operational risk</b>	<b>3,411,289</b>	/	<b>272,903</b>	/
20	Of which: basic indicator approach	591,083	/	47,286	/
21	Of which: standardized approach	-	/	-	/
22	Of which: advanced measurement approach	2,820,206	/	225,616	/
23	<b>Exposures of specified items not subject to regulatory adjustments</b>	<b>818,950</b>	/	<b>67,224</b>	/
	<b>Amounts included in RWA subject to phase-out arrangements</b>	-	/	-	/
24	<b>Floor adjustment</b>	-	/	-	/
25	<b>Total (after applying the scaling factor)</b>	<b>¥59,528,983</b>	/	<b>¥4,762,318</b>	/

Note: We disclose the data for the fiscal year ended March 31, 2018 according to the New FSA Notice.

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

**(B) Credit Risk Weighted Assets by Asset Class and Ratings Segment**

(Billions of yen)

	As of March 31, 2018			As of March 31, 2017		
	EAD	RWA	Risk Weight(%)	EAD	RWA	Risk Weight(%)
<b>Internal ratings-based approach</b>	<b>¥188,162.7</b>	<b>¥47,619.7</b>	<b>25.30</b>	<b>¥189,852.0</b>	<b>¥50,084.2</b>	<b>26.38</b>
<b>Corporate, etc.</b>	<b>162,853.7</b>	<b>29,536.1</b>	<b>18.13</b>	<b>164,623.5</b>	<b>31,312.3</b>	<b>19.02</b>
Corporate (except specialized lending)	79,917.9	27,232.1	34.07	78,222.1	28,727.3	36.72
Ratings A1-B2	58,776.0	13,840.5	23.54	55,538.0	14,486.4	26.08
Ratings C1-D3	19,376.2	11,569.6	59.71	20,306.6	12,002.9	59.10
Ratings E1-E2	1,182.2	1,625.0	137.45	1,373.3	1,885.3	137.27
Ratings E2R-H1	583.3	196.7	33.73	1,004.0	352.5	35.11
Sovereign	76,803.1	833.9	1.08	80,314.2	1,023.3	1.27
Ratings A1-B2	76,674.5	758.3	0.98	80,165.1	928.3	1.15
Ratings C1-D3	128.2	75.2	58.70	148.6	94.3	63.49
Ratings E1-E2	0.3	0.2	82.31	0.3	0.6	164.61
Ratings E2R-H1	0.0	0.0	39.56	0.0	0.0	40.50
Bank	5,986.3	1,313.1	21.93	5,921.5	1,375.8	23.23
Ratings A1-B2	5,447.4	1,002.1	18.39	5,337.6	1,036.1	19.41
Ratings C1-D3	537.5	310.5	57.77	582.4	339.2	58.25
Ratings E1-E2	0.0	0.0	129.81	0.0	0.0	184.04
Ratings E2R-H1	1.2	0.3	29.94	1.4	0.4	29.54
Specialized lending	146.3	156.9	107.22	165.6	185.8	112.16
<b>Retail</b>	<b>11,629.8</b>	<b>3,818.0</b>	<b>32.83</b>	<b>12,235.5</b>	<b>4,541.9</b>	<b>37.12</b>
Residential mortgage	9,046.0	2,508.1	27.72	9,388.0	3,096.3	32.98
Qualifying revolving loan	673.7	513.0	76.14	629.2	415.6	66.05
Other retail	1,910.0	796.8	41.72	2,218.2	1,029.9	46.42
<b>Equities</b>	<b>5,136.2</b>	<b>8,436.2</b>	<b>164.25</b>	<b>4,973.3</b>	<b>8,642.9</b>	<b>173.78</b>
PD/LGD approach	4,162.6	5,279.2	126.82	4,180.1	6,068.0	145.16
Market-based approach	973.5	3,157.0	324.26	793.1	2,574.9	324.64
<b>Regarded-method exposure</b>	<b>2,102.9</b>	<b>3,716.1</b>	<b>176.70</b>	<b>1,744.0</b>	<b>3,341.4</b>	<b>191.58</b>
<b>Securitizations</b>	<b>4,169.4</b>	<b>371.5</b>	<b>8.91</b>	<b>4,009.5</b>	<b>328.9</b>	<b>8.20</b>
<b>Others</b>	<b>2,270.5</b>	<b>1,741.5</b>	<b>76.70</b>	<b>2,265.9</b>	<b>1,916.6</b>	<b>84.58</b>
<b>Standardized approach</b>	<b>18,603.6</b>	<b>3,294.7</b>	<b>17.71</b>	<b>17,523.9</b>	<b>3,508.0</b>	<b>20.01</b>
<b>CVA risk</b>	/	<b>2,539.7</b>	/	/	<b>2,272.3</b>	/
<b>Central counterparty-related</b>	/	<b>193.0</b>	/	/	<b>195.4</b>	/
<b>Total</b>	<b>¥206,766.4</b>	<b>¥53,647.3</b>	<b>25.94</b>	<b>¥207,375.9</b>	<b>¥56,060.0</b>	<b>27.03</b>

Note: "Specialized lending" is specialized lending exposure under supervisory slotting criteria.

## ■ Linkages between Financial Statements and Regulatory Exposures

### (A) LI1: Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories

(Millions of yen)

	As of March 31, 2018						
	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework		
<b>Assets</b>							
Cash and Due from Banks	¥47,725,360		¥47,725,360	¥-	¥-	¥-	¥-
Call Loans and Bills Purchased	715,149		715,149	-	-	-	-
Receivables under Resale Agreements	8,080,873		-	8,080,873	-	-	-
Guarantee Deposits Paid under Securities Borrowing Transactions	4,350,527		-	4,350,527	-	-	-
Other Debt Purchased	2,713,742		2,127,247	-	551,092	-	35,402
Trading Assets	10,507,133		-	5,318,732	-	10,507,133	2,249
Money Held in Trust	337,429		337,429	-	-	-	-
Securities	34,183,033		32,788,339	-	1,287,391	-	107,303
Loans and Bills Discounted	79,421,473		77,937,924	1,305	1,475,430	-	6,812
Foreign Exchange Assets	1,941,677		1,941,677	-	-	-	-
Derivatives Other than for Trading Assets	1,807,999		-	1,807,999	-	-	-
Other Assets	4,588,484		1,549,959	1,936,112	4,161	-	1,098,251
Tangible Fixed Assets	1,111,128		1,111,128	-	-	-	-
Intangible Fixed Assets	1,092,708		312,342	-	-	-	780,365
Net Defined Benefit Asset	996,173		304,793	-	-	-	691,380
Deferred Tax Assets	47,839		5,487	-	-	-	42,352
Customers' Liabilities for Acceptances and Guarantees	5,723,186		5,722,952	234	-	-	-
Reserves for Possible Losses on Loans	(315,621)		(314,330)	-	-	-	(1,291)
<b>Total assets</b>	<b>¥205,028,300</b>		<b>¥172,265,461</b>	<b>¥21,495,785</b>	<b>¥3,318,075</b>	<b>¥10,507,133</b>	<b>¥2,762,827</b>

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

LI1-(Continued)

(Millions of yen)

	As of March 31, 2018						
	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework		
<b>Liabilities</b>							
Deposits	¥125,081,233		¥-	¥-	¥-	¥-	¥125,081,233
Negotiable Certificates of Deposit	11,382,590		-	-	-	-	11,382,590
Call Money and Bills Sold	2,105,293		-	-	-	-	2,105,293
Payables under Repurchase Agreements	16,656,828		-	16,656,828	-	-	-
Guarantee Deposits Received under Securities Lending Transactions	1,566,833		-	1,566,833	-	-	-
Commercial Paper	710,391		-	-	-	-	710,391
Trading Liabilities	8,121,543		-	4,936,441	-	8,121,543	-
Borrowed Money	4,896,218		-	-	-	-	4,896,218
Foreign Exchange Liabilities	445,804		-	-	-	-	445,804
Short-term Bonds	362,185		-	-	-	-	362,185
Bonds and Notes	7,544,256		-	-	-	-	7,544,256
Due to Trust Accounts	4,733,131		-	-	-	-	4,733,131
Derivatives other than for trading liabilities	1,514,483		-	1,514,483	-	-	-
Other Liabilities	3,685,585		-	76,599	-	-	3,608,986
Reserve for Bonus Payments	66,872		-	-	-	-	66,872
Reserve for variable compensation	3,242		-	-	-	-	3,242
Net Defined Benefit Liability	58,890		-	-	-	-	58,890
Reserve for Director and Corporate Auditor Retirement Benefits	1,460		-	-	-	-	1,460
Reserve for possible losses on sales of loans	1,075		-	-	-	-	1,075
Reserve for contingencies	5,622		56	-	-	-	5,566
Reserve for reimbursement of deposits	20,011		-	-	-	-	20,011
Reserve for reimbursement of debentures	30,760		-	-	-	-	30,760
Reserves under Special Laws	2,361		-	-	-	-	2,361
Deferred Tax Liabilities	421,002		-	-	-	-	421,002
Deferred Tax Liabilities for Revaluation Reserve for Land	66,186		-	-	-	-	66,186
Acceptances and Guarantees	5,723,186		-	-	-	-	5,723,186
<b>Total liabilities</b>	<b>¥195,207,054</b>		<b>¥56</b>	<b>¥24,751,187</b>	<b>¥-</b>	<b>¥8,121,543</b>	<b>¥167,270,708</b>

Notes: 1. Since the scope of accounting consolidation and that of regulatory consolidation are the same, the column (a) and (b) have been combined.

2. Market risk includes foreign exchange risk and commodities risk in the banking book, but only those items in the trading book are recorded.

**(B) LI2: Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements**

(Millions of yen)

		As of March 31, 2018				
		a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Counterparty credit risk framework	Securitization framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	¥202,265,473	¥172,265,461	¥21,495,785	¥3,318,075	¥10,507,133
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	27,936,345	56	24,751,187	-	8,121,543
3	Total net amount under regulatory scope of consolidation	174,329,127	172,265,405	(3,255,401)	3,318,075	2,385,589
4	Off-balance sheet amounts	17,311,153	16,446,822	-	864,331	-
5	Differences due to consideration of provision for loan losses and write-offs	401,252	401,252	-	-	-
6	Differences due to derivative transactions, etc.	1,887,980	-	1,887,980	-	-
7	Differences due to repurchase transactions	17,310,011	-	17,310,011	-	-
8	Other differences	(523,103)	(907,644)	-	-	-
9	Exposure amounts considered for regulatory purposes	¥210,716,420	¥188,205,836	¥15,942,589	¥4,182,406	¥2,385,589

Notes: 1. Column (a) is not necessarily equal to the sum of columns (b) to (e) due to assets being riskweighted more than once.

2. Differences between regulatory exposure amounts and carrying values in consolidated financial statements and the main sources of the differences are as follows.

- Off-balance sheet amounts correspond to the differences produced mainly by adding exposures to undrawn commitments and by multiplying customer liabilities for acceptances and guarantees by the credit conversion factor (CCF) assigned to off-balance sheet items under the regulatory capital requirements.
- Differences due to consideration of provision for loan losses, and write-offs are produced mainly by adding general provisions for loan losses, specific provisions for loan losses and partial direct bad debt write-offs to those assets subject to the advanced internal ratings-based approach.
- Differences due to derivative transactions, etc. are produced mainly by incorporating future market value fluctuations and the effect of netting into regulatory exposure amounts. Derivative transactions, etc. include long-settlement transactions.
- Differences due to repurchase transactions are mainly produced by adding the exposure amounts related to assets pledged as collateral and considering the effect of netting and collateral.
- Other differences are produced mainly by considering the offsetting of deferred tax assets against deferred tax liabilities and the regulatory recognized effectiveness of hedging and making regulatory prudential adjustments.

## ■ Credit Risk

### (1) Summary of Risk Profile, Risk Management Policies/ Procedures and Structure

See pages 113 to 116 for a summary of our credit risk profile and credit risk management policies, etc.

### (2) Summary of Provision for Loan Losses and Write-offs

See page 115 for a summary of provision for loan losses and write-offs.

### (3) Quantitative Disclosure on Credit Risk

Counterparty credit risk exposures, securitization exposures, and regarded-method exposures are excluded from the amount of credit risk exposures below.

#### (A) CR1: Credit Quality of Assets

		(Millions of yen)			
		As of March 31, 2018			
		a	b	c	d
		Gross carrying values of			
		Non-			
		Defaulted	defaulted	Reserve	Net values
		exposures	exposures		(a+b-c)
<b>On-balance sheet exposures</b>					
1	Loans	¥645,060	¥77,305,616	¥271,369	¥77,679,307
2	Debt securities	5,946	26,116,905	-	26,122,851
3	Other on-balance sheet debt exposures	2,652	51,697,897	2,526	51,698,023
4	<b>Total on-balance sheet exposures (1+2+3)</b>	<b>653,659</b>	<b>155,120,419</b>	<b>273,896</b>	<b>155,500,182</b>
<b>Off-balance sheet exposures</b>					
5	Guarantees	13,776	5,709,421	30,819	5,692,378
6	Commitments	15,249	25,189,759	-	25,205,009
7	<b>Total off-balance sheet exposures (5+6)</b>	<b>29,026</b>	<b>30,899,180</b>	<b>30,819</b>	<b>30,897,388</b>
<b>Total</b>					
8	<b>Total assets (4+7)</b>	<b>¥682,685</b>	<b>¥186,019,600</b>	<b>¥304,715</b>	<b>¥186,397,570</b>

Notes: 1. Other on-balance sheet debt exposures include deposits, call loans, bills purchased, other debt purchased, money held in trust and foreign exchange assets, etc.  
2. Defaulted exposures include restructured loans, loans past due for three months or more, loans to bankrupt borrowers and so on.  
3. Reserve corresponds to the amount of reserves for possible loan losses

#### (B) Breakdown of Credit Risk Exposures

##### (a) Breakdown by Geographical Area

		(Billions of yen)			
		As of March 31, 2018			
		Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Others	Total
<b>Domestic</b>		<b>¥62,042.2</b>	<b>¥21,449.0</b>	<b>¥37,376.2</b>	<b>¥120,867.5</b>
<b>Overseas</b>		<b>39,785.8</b>	<b>9,122.3</b>	<b>10,527.5</b>	<b>59,435.7</b>
	Asia	10,263.4	1,961.2	1,947.9	14,172.7
	Central and South America	2,947.5	52.0	1,136.3	4,135.9
	North America	14,172.5	5,074.6	5,917.4	25,164.6
	Eastern Europe	346.0	-	10.0	356.1
	Western Europe	7,876.3	1,313.7	844.5	10,034.6
	Other areas	4,179.8	720.5	671.1	5,571.5
<b>Total</b>		<b>¥101,828.0</b>	<b>¥30,571.3</b>	<b>¥47,903.8</b>	<b>¥180,303.2</b>
<b>Standardized approach portion</b>		/	/	/	<b>16,604.4</b>

Notes: 1. Standardized approach portion represents the amount calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit RWA  
2. Exposure to non-Japanese residents is included in Overseas.  
3. Others include cash, deposits, call loans, other debt purchased, money held in trust, foreign exchange assets and other assets, etc.



**(b) Breakdown by Industry**

(Billions of yen)

As of March 31, 2018

	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Others	Total
Manufacturing	¥22,348.0	¥2,335.3	¥551.1	¥25,234.5
Construction	1,834.4	235.7	65.5	2,135.6
Real estate	9,576.2	814.1	18.0	10,408.5
Service industries	5,455.8	440.1	714.2	6,610.2
Wholesale and retail	9,536.2	755.6	744.0	11,036.0
Finance and insurance	13,028.8	2,395.8	3,706.3	19,131.0
Individuals	12,145.6	9.9	114.1	12,269.6
Other industries	25,827.4	8,314.1	9,790.1	43,931.7
Japanese Government; Bank of Japan	2,075.1	15,270.3	32,200.0	49,545.6
<b>Total</b>	<b>¥101,828.0</b>	<b>¥30,571.3</b>	<b>¥47,903.8</b>	<b>¥180,303.2</b>
<b>Standardized approach portion</b>	/	/	/	<b>16,604.4</b>

Notes: 1. Standardized approach portion represents the amount calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit RWA.

2. Others include cash, deposits, call loans, other debt purchased, money held in trust, foreign exchange assets and other assets, etc.

**(c) Breakdown by Residual Contractual Maturity**

(Billions of yen)

As of March 31, 2018

	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Others	Total
Less than one year	¥30,139.5	¥10,117.3	¥6,135.9	¥46,392.7
From one year to less than three years	22,692.1	4,828.9	789.9	28,311.0
From three years to less than five years	20,637.6	3,738.5	14.5	24,390.7
Five years or more	27,872.8	7,042.5	165.4	35,080.9
Other than above	485.8	4,843.9	40,798.0	46,127.8
<b>Total</b>	<b>¥101,828.0</b>	<b>¥30,571.3</b>	<b>¥47,903.8</b>	<b>¥180,303.2</b>
<b>Standardized approach portion</b>	/	/	/	<b>16,604.4</b>

Notes: 1. Standardized approach portion represents the amount calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit RWA.

2. Others include cash, deposits, call loans, other debt purchased, money held in trust, foreign exchange assets and other assets, etc.

**(C) Exposure to Obligors Claims of Whom Meet the Stipulations in the Article 4 Paragraph 2, 3 or 4 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions Enacted in Japan**

**(a) Breakdown by Geographical Area**

(Billions of yen)

As of March 31, 2018			
	Exposure	Reserve	Write-offs
<b>Domestic</b>	<b>¥598.8</b>	<b>¥121.9</b>	<b>¥13.7</b>
<b>Overseas</b>	<b>193.0</b>	<b>35.9</b>	<b>1.4</b>
Asia	28.6	2.4	0.0
Central and South America	63.1	4.3	-
North America	19.9	0.3	-
Eastern Europe	0.4	0.4	-
Western Europe	71.4	24.8	1.3
Other areas	9.2	3.4	-
<b>Total</b>	<b>¥791.8</b>	<b>¥157.8</b>	<b>¥15.2</b>
<b>Standardized approach portion</b>	<b>14.1</b>	<b>6.9</b>	<b>0.3</b>

Note: Standardized approach portion represents the amount calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit RWA.

**(b) Breakdown by Industry**

(Billions of yen)

As of March 31, 2018			
	Exposure	Reserve	Write-offs
Manufacturing	¥190.9	¥50.4	¥2.8
Construction	7.8	0.8	0.1
Real estate	43.5	1.8	0.2
Service industries	73.6	12.9	1.9
Wholesale and retail	198.2	55.0	5.7
Finance and insurance	21.5	1.9	-
Individuals	103.3	12.3	3.3
Other industries	152.6	22.4	0.8
<b>Total</b>	<b>¥791.8</b>	<b>¥157.8</b>	<b>¥15.2</b>
<b>Standardized approach portion</b>	<b>14.1</b>	<b>6.9</b>	<b>0.3</b>

Note: Standardized approach portion represents the amount calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit RWA.

**(D) Exposure by Past Due Period**

(Billions of yen)

As of March 31, 2018				
Less than one month	From one month to less than two months	From two months to less than three months	Three months or more	Total
¥100.7	¥46.1	¥15.1	¥29.4	¥191.5

Note: Excluding claims under bankruptcy or substantial bankruptcy stipulated in the Article 4 paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions as well as high risk claims stipulated in the Article 4 paragraph 3.

**(E) Exposure to Obligors Claims of Whom have been Restructured for the Purpose of Corporate Restructuring or Supporting the Customer**

(Billions of yen)

As of March 31, 2018		
Exposure	Amount of exposure for which loss reserve has increased as a result of restructuring of lending terms	Others
¥322.7	¥280.6	¥42.0

Notes: Excluding claims under bankruptcy or substantial bankruptcy stipulated in the Article 4 paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of the Financial Functions, high risk claims stipulated in the Article 4 paragraph 3 or claims overdue for more than three months stipulated in the Article 4 paragraph 4.

#### (4) Credit Risk under Internal Ratings-Based (IRB) Approach

##### (i) Summary of Internal Ratings-Based (IRB) Approach

We have adopted Advanced Internal Ratings-Based (AIRB) Approach as a method to calculate credit risk weighted assets (RWA) since March 31, 2009. The following business units have adopted AIRB approach:

Mizuho Financial Group, Inc., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Mizuho Credit Guarantee Co., Ltd., Mizuho Trust Realty Company Limited, Mizuho Bank (China), Mizuho Bank (USA), Ltd., Mizuho Bank Europe N.V., and Mizuho Capital Markets LLC.

Note: Special purpose companies (SPCs) controlled by the above companies have also adopted the AIRB approach due to their business operations integrated with their parent companies.

The application scope of AIRB is determined through taking into account the importance for each business unit, such as the ratio of its credit RWA to that of the entire group. AIRB is generally applied to those assets held by the business units that have adopted AIRB except for some asset classes considered immaterial for the purpose of calculating credit RWA. In addition, AIRB is used for all equity exposures and credit RWA exposures under Regarded-Method regardless of what approach the business unit has adopted. The standardized approach will be applied to any of those business units and asset classes that do not meet the above conditions.

##### (ii) Summary of Our Internal Rating System

See pages 113 to 115 for a summary of our internal rating system and rating assignment procedures.

##### *Estimation of parameters and validation*

We use our own estimates for the parameters indicated below in the calculation of credit RWA under the Basel Framework. We generally validate the parameters by backtesting or other methods on an annual basis. Methods of estimation and validation as well as results are approved by the Chief Risk Officer.

PD	Probability of default (likelihood of default of an obligor over a period of one year)
LGD	Loss given default
EAD	Exposure at default

The definition of default conforms to the Notice issued by Japan's Financial Services Agency.

##### *Details of Estimates:*

We estimate PD of corporate, sovereign and bank exposures per obligor rating, and that of retail exposures per pool allocations. In making estimations, we make conservative adjustments such as accounting for estimation error on the long-term average of internal default records. We supplement estimations for low default portfolios with external data. We apply the regulatory floor PD (0.03%) to A1-rated obligors in the measurement of credit RWA, except for sovereign exposures. The estimated parameters in almost all the PD categories such as obligor rating or pool allocations exceeded actual defaults in the last three years. The differences stemmed from such reasons as: actual defaults in the last few years were lower than the long-term average of the defaults over the entire period, which was the basis for our estimation; conservative adjustments have been made to estimated parameters.

We estimate LGD based on obligor classifications in our self-assessments or pool allocations, and protection coverage. For LGD per obligor classifications, we estimate LGD under normal economic circumstances based on prior defaulted obligor data, making adjustments in consideration of periods of economic downturn using stochastic methods. Our estimation is based on validation of the time between the default event and the closure of the exposure as well as LGD for low default portfolios etc. With regard to protection, we estimate LGD per type of collateral using some external data.

We estimate EAD based on prior defaulted obligor data.

##### (iii) Asset Class-based EAD Ratios to the Total EAD by Credit RWA Calculation Approach

As of March 31, 2018	
<b>Internal Ratings-based Approach</b>	<b>91.18%</b>
Corporate	79.20
Retail	6.24
Equities	2.75
Purchase Receivables	1.75
Others	1.21
<b>Standardized Approach</b>	<b>8.81%</b>
<b>Total</b>	<b>100.00%</b>

Notes: 1. Counterparty credit risk exposures, securitization exposures, and regarded-method exposures are excluded from the amount of credit risk exposures above.

2. As for any portfolio to which the standardized approach is applied, exposure instead of EAD is used for calculation.

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

(iv) Quantitative Disclosure on Credit Risk under Internal Ratings-based Approach

(A) CR6: IRB - Credit Risk Exposures by Portfolio and PD Range

(Millions of yen, %, number in the thousands, year)													
PD scale	a	b	c	d	e	f	g	h	i	j	k	l	
	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF (%)	EAD post CRM and post-CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWA	RWA density (%)	EL	Provisions	
<b>As of March 31, 2018</b>													
<b>Sovereign</b>													
1	0.00 to <0.15	¥65,282,123	¥493,305	78.14	¥67,094,685	0.00	0.3	37.99	1.6	¥633,434	0.94	¥828	¥/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	30,742	3,142	75.00	9,343	0.27	0.0	37.97	3.5	4,931	52.77	9	/
4	0.50 to <0.75	76,127	14,762	75.00	76,646	0.50	0.0	37.97	1.1	35,076	45.76	146	/
5	0.75 to <2.50	80,202	163	75.00	28,798	1.46	0.0	37.44	1.6	22,058	76.59	158	/
6	2.50 to <10.00	62,602	9,186	75.00	947	3.30	0.0	37.97	2.6	1,068	112.71	11	/
7	10.00 to <100.00	16,952	26	75.00	217	15.16	0.0	8.17	1.1	83	38.66	2	/
8	100.00 (Default)	1,819	-	-	19	100.00	0.0	28.17	1.2	7	37.33	4	/
9	<b>Sub-total</b>	<b>65,550,571</b>	<b>520,586</b>	<b>77.97</b>	<b>67,210,657</b>	<b>0.00</b>	<b>0.3</b>	<b>37.99</b>	<b>1.6</b>	<b>696,660</b>	<b>1.03</b>	<b>1,163</b>	<b>792</b>
<b>Banks</b>													
1	0.00 to <0.15	3,444,364	704,050	72.47	4,274,768	0.06	0.3	37.38	1.4	693,677	16.22	1,011	/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	106,079	34,292	83.00	157,228	0.27	0.0	34.08	1.5	45,560	28.97	123	/
4	0.50 to <0.75	197,750	55,035	72.89	211,024	0.50	0.0	36.75	1.4	103,707	49.14	378	/
5	0.75 to <2.50	130,564	9,911	75.32	138,643	1.00	0.0	36.73	1.4	102,512	73.93	504	/
6	2.50 to <10.00	20,652	18,128	67.96	24,045	3.13	0.0	40.38	2.2	28,335	117.84	304	/
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	/
8	100.00 (Default)	1,287	-	-	1,287	100.00	0.0	96.57	4.9	363	28.25	1,214	/
9	<b>Sub-total</b>	<b>3,900,699</b>	<b>821,418</b>	<b>72.87</b>	<b>4,806,998</b>	<b>0.16</b>	<b>0.5</b>	<b>37.26</b>	<b>1.4</b>	<b>974,158</b>	<b>20.26</b>	<b>3,536</b>	<b>2,408</b>
<b>Corporate (except SME and specialized lending)</b>													
1	0.00 to <0.15	35,728,142	21,717,226	73.81	52,701,719	0.07	6.5	37.97	2.4	11,485,859	21.79	15,786	/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	4,154,221	1,464,926	75.16	4,954,125	0.27	5.3	33.22	2.6	1,978,399	39.93	4,556	/
4	0.50 to <0.75	3,335,203	874,325	74.03	3,808,160	0.50	3.8	33.57	2.7	2,073,698	54.45	6,434	/
5	0.75 to <2.50	4,212,757	926,478	75.97	4,518,372	1.18	5.2	31.97	2.6	3,145,660	69.61	17,169	/
6	2.50 to <10.00	1,967,931	684,281	70.34	1,912,682	3.86	1.9	32.58	3.0	2,026,392	105.94	24,920	/
7	10.00 to <100.00	478,359	172,021	77.99	418,948	15.16	0.7	28.23	2.2	574,489	137.12	17,943	/
8	100.00 (Default)	420,603	22,230	80.22	414,611	100.00	0.7	38.96	2.1	127,172	30.67	151,385	/
9	<b>Sub-total</b>	<b>50,297,219</b>	<b>25,861,490</b>	<b>73.92</b>	<b>68,728,619</b>	<b>0.99</b>	<b>24.3</b>	<b>36.78</b>	<b>2.5</b>	<b>21,411,672</b>	<b>31.15</b>	<b>238,196</b>	<b>162,210</b>
<b>SME</b>													
1	0.00 to <0.15	82,869	20,926	74.99	98,562	0.07	0.0	31.64	2.3	14,696	14.91	24	/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	552,499	29,152	73.71	562,058	0.27	3.0	24.31	2.8	142,029	25.26	378	/
4	0.50 to <0.75	688,348	26,430	74.25	690,992	0.50	3.3	23.91	3.0	229,938	33.27	831	/
5	0.75 to <2.50	1,243,471	29,192	75.43	1,226,916	1.19	5.9	20.75	3.4	491,630	40.07	3,124	/
6	2.50 to <10.00	454,790	12,354	76.30	446,427	3.25	1.7	19.05	3.7	214,824	48.12	2,802	/
7	10.00 to <100.00	147,430	5,173	92.75	140,309	15.16	0.7	17.98	3.1	106,804	76.12	3,828	/
8	100.00 (Default)	146,588	623	66.96	137,093	100.00	0.6	42.41	2.2	43,356	31.62	54,678	/
9	<b>Sub-total</b>	<b>3,315,998</b>	<b>123,853</b>	<b>75.47</b>	<b>3,302,360</b>	<b>5.83</b>	<b>15.4</b>	<b>22.89</b>	<b>3.2</b>	<b>1,243,280</b>	<b>37.64</b>	<b>65,667</b>	<b>44,718</b>
<b>Specialized Lending</b>													
1	0.00 to <0.15	2,375,330	262,272	77.84	2,206,165	0.09	0.4	36.49	4.3	707,374	32.06	759	/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	386,629	139,797	77.89	373,281	0.27	0.0	38.49	4.1	219,941	58.92	397	/
4	0.50 to <0.75	230,853	74,918	77.70	215,900	0.50	0.0	43.42	4.1	185,680	86.00	471	/
5	0.75 to <2.50	413,034	107,078	75.36	331,811	1.02	0.0	38.49	4.5	335,100	100.99	1,312	/
6	2.50 to <10.00	76,132	14,241	76.45	51,744	4.38	0.0	38.19	3.5	68,274	131.94	867	/
7	10.00 to <100.00	40,737	1,342	94.02	9,364	15.16	0.0	37.97	3.9	18,836	201.13	539	/
8	100.00 (Default)	29,001	389	100.00	25,293	100.00	0.0	64.04	4.2	12,473	49.31	15,201	/
9	<b>Sub-total</b>	<b>3,551,720</b>	<b>600,039</b>	<b>77.41</b>	<b>3,213,563</b>	<b>1.13</b>	<b>0.6</b>	<b>37.64</b>	<b>4.2</b>	<b>1,547,680</b>	<b>48.16</b>	<b>19,549</b>	<b>13,313</b>
<b>Equities (PD/LGD approach)</b>													
1	0.00 to <0.15	3,704,926	21,305	100.00	3,726,232	0.05	1.0	90.00	5.0	3,795,623	101.86	/	/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	/	/
3	0.25 to <0.50	90,067	-	-	90,067	0.27	0.5	90.00	5.0	142,515	158.23	/	/
4	0.50 to <0.75	43,662	-	-	43,662	0.50	0.3	90.00	5.0	89,021	203.88	/	/
5	0.75 to <2.50	40,387	-	-	40,387	1.15	0.2	90.00	5.0	107,668	266.58	/	/
6	2.50 to <10.00	113,095	-	-	113,095	3.76	0.0	90.00	5.0	425,736	376.44	/	/
7	10.00 to <100.00	915	-	-	915	15.16	0.0	90.00	5.0	5,851	638.79	/	/
8	100.00 (Default)	5,710	-	-	5,710	100.00	0.1	90.00	5.0	64,245	1,125.00	/	/
9	<b>Sub-total</b>	<b>¥3,998,766</b>	<b>¥21,305</b>	<b>100.00</b>	<b>¥4,020,072</b>	<b>0.33</b>	<b>2.3</b>	<b>90.00</b>	<b>5.0</b>	<b>¥4,630,663</b>	<b>115.18</b>	<b>¥/</b>	<b>¥/</b>

## CR6-(Continued)

(Millions of yen, %, number in the thousands, year)

		a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF (%)	EAD post CRM and post-CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWA	RWA density (%)	EL	Provisions	
As of March 31, 2018													
<b>Purchased receivables (Corporate, etc.) - Default Risk Equivalent</b>													
1	0.00 to <0.15	¥2,148,219	¥701,913	75.14	¥2,671,876	0.08	0.9	38.23	1.9	¥472,908	17.69	¥818	¥/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	129,026	94,175	77.74	202,240	0.27	0.2	37.89	2.0	80,622	39.86	212	/
4	0.50 to <0.75	102,644	31,136	79.27	127,326	0.50	0.1	37.89	1.8	66,997	52.61	242	/
5	0.75 to <2.50	83,546	28,528	77.42	105,635	1.04	0.1	37.88	2.3	80,956	76.63	419	/
6	2.50 to <10.00	122,256	30,434	75.58	144,774	5.78	0.0	37.97	1.4	177,211	122.40	3,180	/
7	10.00 to <100.00	1,163	18,484	75.71	15,159	15.16	0.0	37.97	1.6	27,179	179.28	873	/
8	100.00 (Default)	1,720	-	-	1,720	100.00	0.0	93.53	1.0	521	30.29	1,567	/
9	<b>Sub-total</b>	<b>2,588,578</b>	<b>904,673</b>	<b>75.65</b>	<b>3,268,735</b>	<b>0.51</b>	<b>1.6</b>	<b>38.20</b>	<b>1.9</b>	<b>906,398</b>	<b>27.72</b>	<b>7,314</b>	<b>4,980</b>
<b>Purchased receivables (Retail) - Default Risk Equivalent</b>													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	/
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	/
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	/
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	/
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	/
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	/
9	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Purchased receivables (Dilution Risk Equivalent)</b>													
1	0.00 to <0.15	895,557	16,505	100.00	912,062	0.02	0.1	7.96	-	166,817	18.29	411	/
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	/
3	0.25 to <0.50	11,735	-	-	11,735	0.27	0.0	37.97	-	3,654	31.13	12	/
4	0.50 to <0.75	17,229	-	-	17,229	0.50	0.0	37.31	-	7,609	44.16	32	/
5	0.75 to <2.50	97,240	5,881	100.00	103,122	1.39	0.0	19.96	-	69,059	66.96	463	/
6	2.50 to <10.00	11,811	-	-	11,811	3.03	0.0	8.82	-	11,116	94.11	140	/
7	10.00 to <100.00	923	-	-	923	15.16	0.0	37.97	-	1,553	168.25	53	/
8	100.00 (Default)	2,139	-	-	2,139	100.00	0.0	47.79	-	1,087	50.85	935	/
9	<b>Sub-total</b>	<b>1,036,637</b>	<b>22,387</b>	<b>100.00</b>	<b>1,059,024</b>	<b>0.41</b>	<b>0.1</b>	<b>10.06</b>	<b>-</b>	<b>260,898</b>	<b>24.63</b>	<b>2,050</b>	<b>/</b>
<b>Retail – qualifying revolving retail exposures (QRRE)</b>													
1	0.00 to <0.15	-	-	-	0	0.13	0.0	78.04	/	0	6.01	0	/
2	0.15 to <0.25	-	-	-	33	0.18	0.4	77.05	/	2	7.79	0	/
3	0.25 to <0.50	-	-	-	60	0.34	2.0	78.04	/	7	12.85	0	/
4	0.50 to <0.75	-	-	-	-	-	-	-	/	-	-	-	/
5	0.75 to <2.50	246,700	882,617	15.67	385,057	2.31	484.0	78.03	/	214,816	55.78	6,961	/
6	2.50 to <10.00	171,502	904,560	8.86	251,550	4.06	1,838.9	78.04	/	204,438	81.27	7,973	/
7	10.00 to <100.00	30,330	15,707	38.33	36,349	18.49	111.4	78.04	/	64,164	176.51	5,245	/
8	100.00 (Default)	547	1,389	12.13	710	100.00	2.1	71.86	/	564	79.48	465	/
9	<b>Sub-total</b>	<b>449,080</b>	<b>1,804,276</b>	<b>12.45</b>	<b>673,761</b>	<b>3.94</b>	<b>2,439.0</b>	<b>78.03</b>	<b>/</b>	<b>483,995</b>	<b>71.83</b>	<b>20,647</b>	<b>14,060</b>
<b>Retail – Residential mortgage</b>													
1	0.00 to <0.15	1,753,094	-	-	1,788,294	0.07	134.0	29.40	/	98,880	5.52	396	/
2	0.15 to <0.25	1,555,463	-	-	1,557,206	0.19	98.7	31.48	/	196,694	12.63	984	/
3	0.25 to <0.50	1,995,206	-	-	1,996,178	0.35	137.5	33.88	/	411,553	20.61	2,400	/
4	0.50 to <0.75	1,913,740	106,001	97.52	1,976,720	0.66	176.4	36.68	/	684,897	34.64	4,785	/
5	0.75 to <2.50	1,540,512	869	100.00	1,543,115	1.08	118.2	36.58	/	736,804	47.74	6,054	/
6	2.50 to <10.00	78,221	2,795	100.00	81,793	9.58	6.9	37.92	/	138,206	168.97	2,969	/
7	10.00 to <100.00	31,308	2,477	100.00	33,807	47.05	3.2	40.24	/	66,608	197.02	6,406	/
8	100.00 (Default)	67,581	1,372	100.00	68,903	100.00	4.3	45.19	/	32,533	47.21	28,537	/
9	<b>Sub-total</b>	<b>8,935,128</b>	<b>113,516</b>	<b>97.68</b>	<b>9,046,019</b>	<b>1.48</b>	<b>679.7</b>	<b>33.80</b>	<b>/</b>	<b>2,366,178</b>	<b>26.15</b>	<b>52,535</b>	<b>35,776</b>
<b>Other retail</b>													
1	0.00 to <0.15	20	-	-	307,294	0.05	41.4	43.50	/	19,034	6.19	75	/
2	0.15 to <0.25	2	-	-	55,690	0.18	4.5	43.16	/	9,068	16.28	43	/
3	0.25 to <0.50	121,031	155	100.00	137,772	0.34	4.1	46.55	/	37,291	27.06	224	/
4	0.50 to <0.75	188,160	550	75.18	184,968	0.69	65.9	26.93	/	41,514	22.44	327	/
5	0.75 to <2.50	1,017,097	3,472	78.21	940,438	1.36	26.4	53.29	/	528,419	56.18	5,988	/
6	2.50 to <10.00	398,879	1,897	63.40	174,889	6.29	16.0	22.22	/	57,981	33.15	2,149	/
7	10.00 to <100.00	98,427	9,870	51.83	49,497	18.27	11.8	31.29	/	32,253	65.16	3,156	/
8	100.00 (Default)	73,064	3,023	94.67	58,600	100.00	2.9	44.01	/	25,897	44.19	23,722	/
9	<b>Sub-total</b>	<b>1,896,684</b>	<b>18,970</b>	<b>65.72</b>	<b>1,909,152</b>	<b>4.89</b>	<b>173.4</b>	<b>44.68</b>	<b>/</b>	<b>751,460</b>	<b>39.36</b>	<b>35,688</b>	<b>24,303</b>
<b>Total (all portfolios)</b>	<b>¥145,521,084</b>	<b>¥30,812,518</b>	<b>70.60</b>	<b>¥167,238,965</b>	<b>0.72</b>	<b>3,337.8</b>	<b>38.21</b>	<b>2.20</b>	<b>¥35,273,045</b>	<b>21.01</b>	<b>¥446,348</b>	<b>¥302,564</b>	

- Notes: 1. Counterparty credit risk exposures, securitization exposures, and regarded-method exposures are excluded from the amount of credit risk exposures above.  
2. On-balance sheet exposures, pre-CCF and pre-CRM off-balance sheet exposures, and the average CCF are allocated to the PD ranges based on pre-CRM PD estimates.  
3. The number of credits is disclosed as the number of data of obligors for QRRE, residential mortgage and other retail excluding credit for business purpose.

**(B) CR9: IRB - Backtesting of Probability of Default (PD) per Portfolio**

(%, the number of data)

a	b	c					d	e	f		g	h	i		
		External rating equivalent							Weighted average PD (%)	Arithmetic average PD by obligors (%)				Number of obligors	
		S&P	Moody's	Fitch	R&I	JCR								As of March 31, 2017	As of March 31, 2018
Corporate, etc.	0.00 to <0.10	AAA~A-	Aaa~A3	AAA~A-	AAA~A-	AAA~A-	0.05	0.06	2,330	2,395	-	-	-		
	0.10 to <0.20	BBB+~BBB-	Baa1~Baa3	BBB+~BBB-	BBB+~BBB-	BBB+~BBB-	0.15	0.15	5,072	5,272	2	-	0.03		
	0.20 to <1.00	BB+~BB-	Ba1~Ba3	BB+~BB-	BB+~BB-	BB+~BB-	0.48	0.52	20,736	21,267	52	-	0.21		
	1.00 to <5.00	B+~B-	B1~B3	B+~B-	B+~B-	B+~B-	2.06	2.15	9,832	9,041	112	2	1.29		
	5.00 to <100.00	CCC+~CCC-	Caa1~Caa3	CCC+~CCC-	CCC+~CCC-	CCC~C	12.59	12.86	2,500	2,144	197	4	8.02		
Retail – qualifying revolving retail exposures (QRRE)	0.00 to <0.10	/	/	/	/	/	-	-	-	-	-	-	-		
	0.10 to <0.20	/	/	/	/	/	-	-	-	-	-	-	-		
	0.20 to <1.00	/	/	/	/	/	-	-	-	-	-	-	-		
	1.00 to <5.00	/	/	/	/	/	2.35	2.80	316,263	338,973	5,789	1,004	1.68		
	5.00 to <100.00	/	/	/	/	/	10.17	6.24	137,011	146,695	12,315	1,232	7.85		
Retail – Residential mortgage	0.00 to <0.10	/	/	/	/	/	0.05	0.05	77,649	71,310	20	-	0.02		
	0.10 to <0.20	/	/	/	/	/	0.14	0.14	101,477	103,939	44	-	0.07		
	0.20 to <1.00	/	/	/	/	/	0.53	0.53	413,756	395,746	966	3	0.28		
	1.00 to <5.00	/	/	/	/	/	1.26	1.22	62,374	75,664	303	-	0.57		
	5.00 to <100.00	/	/	/	/	/	19.03	20.36	11,209	8,551	1,014	-	11.81		
Other retail	0.00 to <0.10	/	/	/	/	/	-	-	-	-	-	-	-		
	0.10 to <0.20	/	/	/	/	/	-	-	-	-	-	-	-		
	0.20 to <1.00	/	/	/	/	/	0.80	0.66	429,469	340,586	1,333	27	0.31		
	1.00 to <5.00	/	/	/	/	/	2.20	3.08	440,253	322,169	2,020	180	0.73		
	5.00 to <100.00	/	/	/	/	/	17.74	22.92	73,044	47,241	3,113	13	4.23		

- Notes: 1. Counterparty credit risk exposures, securitization exposures, and regarded-method exposures are excluded from the amount of credit risk exposures above.  
2. Exposures to sovereign and bank is included in the category of corporate, etc. because their obligors can be presumably specified. Likewise, exposures to corporate (except specialized lending), specialized lending, equity and purchased receivables (corporate) is included in the category of corporate, etc. because the data of the respective portfolios is not separately used for PD estimation. Since purchased receivables (retail) account for a small portion of the entire exposure, they are incorporated with any one of QRRE, residential mortgage or other retail depending on the portfolio classification of the purchased receivables.  
3. PD Range indicates the ranges of PD estimates for multiple consolidated internal ratings groups.  
4. The following shows the percentages accounted for by the respective portfolios among the credit RWA calculated by the AIRB: Corporate, etc. : 76%, QRRE: 1%, Residential mortgage : 7%, Other retail : 3%  
5. The number of credits is disclosed as the number of data of obligors for QRRE, residential mortgage and other retail excluding credit for business purpose.  
6. The back testing covers the period from September 30, 2016 to September 30, 2017.

(C) CR10: IRB -Specialized Lending under the Slotting Criteria Approach and Equity Exposures under the Market-based Approach etc.

(Millions of yen, %)

As of March 31, 2018												
a	b	c	d	e	f	g	h	i	j	k	l	
<b>Specialized lending under slotting criteria approach</b>												
<b>Other than HVCRE</b>												
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount					RWA	Expected losses	
					P F	O F	C F	I P R E	Total			
Strong	Less than 2.5 years	¥-	¥-	50%	¥-	¥-	¥-	¥-	¥-	¥-	¥-	
	Equal to or more than 2.5 years	24,919	-	70%	-	24,919	-	-	24,919	17,443	99	
Good	Less than 2.5 years	-	-	70%	-	-	-	-	-	-	-	
	Equal to or more than 2.5 years	-	-	90%	-	-	-	-	-	-	-	
Satisfactory		3,464	-	115%	-	3,464	-	-	3,464	3,984	97	
Weak		11,108	-	250%	-	11,147	-	-	11,147	27,868	891	
Default		3,081	-	-	-	9,312	-	-	9,312	-	4,656	
<b>Total</b>		<b>42,574</b>	-	-	-	<b>48,844</b>	-	-	<b>48,844</b>	<b>49,296</b>	<b>5,744</b>	
<b>HVCRE</b>												
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW						Exposure amount	RWA	Expected losses
Strong	Less than 2.5 years	2,698	700	70%						3,225	2,257	12
	Equal to or more than 2.5 years	55,022	16,356	95%						67,290	63,925	269
Good	Less than 2.5 years	13	-	95%						13	13	0
	Equal to or more than 2.5 years	23,260	3,970	120%						26,250	31,500	105
Satisfactory		-	-	140%						-	-	-
Weak		-	-	250%						-	-	-
Default		-	-	-						-	-	-
<b>Total</b>		<b>80,996</b>	<b>21,026</b>	-						<b>96,779</b>	<b>97,696</b>	<b>387</b>
<b>Equity exposures under the market-based approach etc.</b>												
<b>Equity exposures under the market-based approach</b>												
Categories		On-balance sheet amount	Off-balance sheet amount	RW						Exposure amount	RWA	
Exchange-traded equity exposures		841,626	68,014	300%						909,640	2,728,922	
Private equity exposures		58,551	1,510	400%						59,683	238,735	
Other equity exposures		-	-	-						-	-	
<b>Total</b>		<b>900,177</b>	<b>69,524</b>	-						<b>969,324</b>	<b>2,967,658</b>	
<b>Equity exposures to which a risk weight of 100% is applied</b>												
<b>Equity exposures to which a risk weight of 100% is applied</b>		<b>4,415</b>	-	<b>100%</b>						<b>4,415</b>	<b>4,415</b>	

Notes: 1. Counterparty credit risk exposures, securitization exposures, and regarded-method exposures are excluded from the amount of credit risk exposures above.

2. PF, OF, CF and IPRE respectively stand for project finance, object finance, commodity finance and income-producing real estate.

(D) Credit RWA Exposures under Regarded-method

(Millions of yen)

		As of March 31, 2018
<b>Ending balance</b>		<b>¥2,102,954</b>

**(5) Credit Risk under Standardized Approach**

**(i) Status of portfolios to which the standardized approach is applied**

Eligible external credit assessment institutions used for determining the risk weight for portfolios to which the standardized approach is applied are Rating and Investment Information, Inc. (R&I) in Japan and S&P Global Ratings overseas.

We apply a risk weight of 100% for all of our corporate exposure.

**(ii) Quantitative disclosure on credit risk under standardized approach**

**(A) CR5: Standardized Approach - Exposures by Asset Classes and Risk Weights**

(Millions of yen)

		As of March 31, 2018										
		a	b	c	d	e	f	g	h	i	j	k
		Credit exposures amount (post CCF and post-CRM)										
Asset classes	Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%	Total
1	Cash	¥10,169	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥10,169
2	Japanese sovereigns and Bank of Japan	12,698,108	-	-	-	-	-	-	-	-	-	12,698,108
3	Foreign central sovereigns and central banks	75,651	-	34,791	-	64,684	-	75,963	-	-	-	251,091
4	Bank for International Settlements, etc.	-	-	-	-	-	-	-	-	-	-	-
5	Japanese non-central governmental PSEs	1,089	-	-	-	-	-	-	-	-	-	1,089
6	Non-central governmental PSEs other than foreign central sovereigns, etc.	-	-	7,731	-	38	-	16	-	-	-	7,786
7	International development banks	2,983	-	-	-	-	-	-	-	-	-	2,983
8	Japan Finance Organization for Municipalities	-	36,192	-	-	-	-	-	-	-	-	36,192
9	Japanese government institutions	-	523,138	-	-	-	-	-	-	-	-	523,138
10	Three regional public sectors of Japan	-	-	-	-	-	-	-	-	-	-	-
11	Financial institutions and business operators conducting the type I financial instruments business	-	-	703,187	-	19,773	-	48,083	-	-	-	771,044
12	Corporates, etc.	-	-	-	-	-	-	1,484,951	-	-	-	1,484,951
13	Regulatory retail portfolios and individuals	-	-	-	-	-	-	-	-	-	-	-
14	Mortgage housing loan	-	-	-	-	-	-	-	-	-	-	-
15	Real estate acquisition business, etc.	-	-	-	-	-	-	-	-	-	-	-
16	Claims past due for 3 months or more (excluding mortgage housing loan)	-	-	-	-	60	-	12	27	-	-	100
17	Claims past due for 3 months or more regarding mortgage housing loan	-	-	-	-	-	-	-	-	-	-	-
18	Bills in process of collection	-	-	-	-	-	-	-	-	-	-	-
19	With guarantee of Credit Guarantee Corporations, etc.	-	-	-	-	-	-	-	-	-	-	-
20	With guarantee of Regional Economy Vitalization Corporation of Japan	-	-	-	-	-	-	-	-	-	-	-
21	Investments, etc.(excluding significant investments)	-	-	-	-	-	-	-	-	-	-	-
22	<b>Total</b>	<b>¥12,788,002</b>	<b>¥559,331</b>	<b>¥745,710</b>	<b>¥-</b>	<b>¥84,557</b>	<b>¥-</b>	<b>¥1,609,027</b>	<b>¥27</b>	<b>¥-</b>	<b>¥-</b>	<b>¥15,786,656</b>

Note: Counterparty credit risk exposures, credit risk related to securitization transactions, and exposures which are underlaid with the plural number of assets and transactions are excluded from the amount of credit risk exposures above.

**(B) Exposures which are underlaid with the plural number of assets and transactions and cannot be judged the risk weights directly in the institutions that adopt the Standardized Approach**

(Millions of yen)

		As of March 31, 2018
<b>Ending balance</b>		-



## (6) Credit Risk Mitigation Techniques

### (i) Summary of Risk Profile, Risk Management Policies/ Procedures and Structure

We obtain collateral and guarantees as a means of securing credit. In obtaining the collateral and guarantees, we evaluate the value of the collateral, guarantee performance capability of guarantor and legal enforceability, and we also conduct periodical subsequent re-evaluations. Furthermore, we monitor any concentration of risks in a particular classification, keeping an eye on the concentration of collateral type and/or of credit risks in particular companies including indirect credit exposure such as guarantees. When calculating the credit risk weighted assets for capital adequacy ratio regulations, the effect of credit risk mitigation through financial collateral (mainly deposits and securities), other collateral (mainly real estate) and guarantees by "sovereign, banks or corporations above a certain credit rating" is reflected.

### (ii) Quantitative Disclosure on Credit Risk Mitigation Techniques

Counterparty risk exposures, securitization exposures, and regarded-method exposures are excluded from the amount of credit risk exposures below.

#### (A) CR3: Credit Risk Mitigation Techniques - Overview

(Millions of yen)

		As of March 31, 2018				
		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	¥64,898,669	¥12,780,637	¥5,990,412	¥6,784,828	¥5,397
2	Debt securities	25,670,926	451,924	179,920	272,003	-
3	Other on balance debt assets	51,653,415	44,607	5,016	39,591	-
4	<b>Total (1+2+3)</b>	<b>¥142,223,012</b>	<b>¥13,277,170</b>	<b>¥6,175,349</b>	<b>¥7,096,423</b>	<b>¥5,397</b>
5	Of which defaulted	461,445	192,214	135,384	56,830	-

Notes: 1. Other on-balance debt assets include deposits, call loans, bills purchased, monetary claims bought, money held in trust, and foreign exchange assets, etc.

2. Defaulted exposures include restructured loans, loans past due for three months or more, loans to bankrupt borrowers and so on.

#### (B) CR4: Standardized Approach - Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

(Millions of yen, except percentages)

		As of March 31, 2018					
		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA	RWA density
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	¥10,169	¥-	¥10,169	¥-	¥-	0.00
2	Japanese sovereigns and Bank of Japan	12,698,108	-	12,698,108	-	-	0.00
3	Foreign central sovereigns and central banks	251,091	-	251,091	-	115,264	45.90
4	Bank for International Settlements, etc.	-	-	-	-	-	-
5	Japanese non-central governmental PSEs	1,089	-	1,089	-	-	0.00
6	Non-central governmental PSEs other than foreign central sovereigns, etc.	7,786	-	7,786	-	1,581	20.31
7	International development banks	2,983	-	2,983	-	-	0.00
8	Japan Finance Organization For Municipalities	36,192	-	36,192	-	100	0.27
9	Japanese government institutions	523,138	-	523,138	-	19,531	3.73
10	Three regional public sectors of Japan	-	-	-	-	-	-
11	Financial institutions and business operators conducting the type I financial instruments business	770,920	774	770,657	387	198,607	25.75
12	Corporates, etc.	1,282,944	261,731	1,282,944	202,006	1,484,893	99.99
13	Regulatory retail portfolios and individuals	-	-	-	-	-	-
14	Mortgage housing loan	-	-	-	-	-	-
15	Real estate acquisition business, etc.	-	-	-	-	-	-
16	Claims past due for 3 months or more (excluding mortgage housing loan)	100	-	100	-	83	83.26
17	Claims past due for 3 months or more regarding mortgage housing loan	-	-	-	-	-	-
18	Bills in process of collection	-	-	-	-	-	-
19	With guarantee of Credit Guarantee Corporation, etc.	-	-	-	-	-	-
20	With guarantee of Regional Economy Vitalization Corporation of Japan	-	-	-	-	-	-
21	Investments, etc. (excluding significant investments)	-	-	-	-	-	-
22	<b>Total</b>	<b>¥15,584,525</b>	<b>¥262,506</b>	<b>¥15,584,262</b>	<b>¥202,393</b>	<b>¥1,820,063</b>	<b>11.52</b>

**(C) CR7: IRB - Effect on RWA of Credit Derivatives Used as CRM Techniques**

		(Millions of yen)	
		As of March 31, 2018	
		a	b
Portfolios		Pre-credit derivatives RWA	Actual RWA
1	Sovereign - FIRB	¥-	¥-
2	Sovereign - AIRB	577,518	577,518
3	Banks - FIRB	-	-
4	Banks - AIRB	930,901	930,901
5	Corporate (except Specialized lending) - FIRB	-	-
6	Corporate (except Specialized lending) - AIRB	22,718,567	22,715,534
7	Specialized lending - FIRB	-	-
8	Specialized lending - AIRB	1,796,490	1,796,490
9	Retail - qualifying revolving retail exposures (QRRE)	483,995	483,995
10	Retail - residential mortgage exposures	2,366,178	2,366,178
11	Other retail exposures	751,460	751,460
12	Equity - FIRB	-	-
13	Equity - AIRB	4,640,872	4,640,872
14	Purchased receivables - FIRB	-	-
15	Purchased receivables - AIRB	1,167,296	1,167,296
16	<b>Total</b>	<b>¥35,433,279</b>	<b>¥35,430,246</b>

**■ Counterparty Credit Risk**

**(1) Summary of Risk Profile, Risk Management Policies/ Procedures and Structure**

In managing the risk pertaining to counterparty credit risk (including central counterparty) in derivatives transactions and repurchase transactions etc., we generally allocate risk capital together with loans, etc., (we take into account wrong way risk for derivatives transactions). For derivatives transactions and repurchase transactions, in cases in which a bilateral netting agreement is valid in light of the legal system of the relevant jurisdiction, we take its effect into consideration. As to derivatives transactions with financial institutions, etc., we periodically, where necessary, deliver and receive collateral to and from the counterparty based on the replacement cost to mitigate credit risk (collateralized derivatives transactions). In conducting such transactions, there is a risk in which we may be required to provide additional collateral in cases where our credit profile deteriorates.

**(2) Quantitative Disclosure on Counterparty Credit Risk**

**(A) CCR1: Analysis of Counterparty Credit risk (CCR) Exposure by Approach**

		(Millions of yen)					
		As of March 31, 2018					
		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR	¥-	¥-	/	1.4	¥-	¥-
	Current Exposure Method	323,382	230,084	/	/	535,507	216,424
2	Internal Model Method	/	/	¥1,944,443	1.4	2,722,221	887,843
3	Simple Approach for credit risk mitigation	/	/	/	/	763,521	39,710
4	Comprehensive Approach for credit risk mitigation	/	/	/	/	10,332,329	654,325
5	VAR for SFTs	/	/	/	/	-	-
6	<b>Total</b>	/	/	/	/	/	<b>¥1,798,303</b>

**(B) CCR2: Credit Valuation Adjustment (CVA) Capital Charge**

		(Millions of yen)	
		As of March 31, 2018	
		a	b
		EAD post-CRM	RWA
1	<b>Total portfolios subject to the Advanced CVA capital charge</b>	¥-	¥-
2	(i) VAR component (including the 3×multiplier)	/	-
3	(ii) Stressed VAR component (including the 3×multiplier)	/	-
4	<b>All portfolios subject to the Standardized CVA capital charge</b>	<b>3,552,645</b>	<b>2,539,780</b>
5	<b>Total subject to the CVA capital charge</b>	<b>¥3,552,645</b>	<b>¥2,539,780</b>

**(C) CCR3: Standardized Approach - CCR Exposures by Regulatory Portfolio and Risk Weights**

(Millions of yen)

		As of March 31, 2018								
		a	b	c	d	e	f	g	h	i
		Credit exposures amount (post CCF and post-CRM)								
Risk weight	Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total
1	Japanese sovereigns and Bank of Japan	¥742,381	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥742,381
2	Foreign central sovereigns and central banks	4,065	-	3,934	361	-	289	-	-	8,650
3	Bank for International Settlements, etc.	-	-	-	-	-	-	-	-	-
4	Japanese non-central governmental PSEs	-	-	-	-	-	-	-	-	-
5	Non-central governmental PSEs other than foreign central sovereigns, etc.	-	-	6,843	1,504	-	12	-	-	8,361
6	International development banks	15,357	-	-	-	-	-	-	-	15,357
7	Japan Finance Organization for Municipalities	-	-	-	-	-	-	-	-	-
8	Japanese government institutions	-	1,076	-	-	-	-	-	-	1,076
9	Three regional public sectors of Japan	-	-	-	-	-	-	-	-	-
10	Financial institutions and business operators conducting the type I financial instruments business	-	-	665,336	13,269	-	41,948	-	-	720,554
11	Corporates, etc.	-	-	-	-	-	679,087	-	-	679,087
12	Regulatory retail portfolios and individuals	-	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	-	-	-
14	<b>Total</b>	<b>¥761,805</b>	<b>¥1,076</b>	<b>¥676,114</b>	<b>¥15,135</b>	<b>¥-</b>	<b>¥721,337</b>	<b>¥-</b>	<b>¥-</b>	<b>¥2,175,469</b>

**(D) CCR4: IRB - CCR Exposures by Portfolio and PD Scale**

(Millions of yen, %, number in the thousands, year)

		As of March 31, 2018						
		a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of counterparty	Average LGD (%)	Average maturity	RWA	RWA density (%)
PD scale	Regulatory portfolio							
<b>Sovereign</b>								
1	0.00 to <0.15	¥9,213,266	0.00	0.0	37.97	4.5	¥40,100	0.43
2	0.15 to <0.25	-	-	-	-	-	-	-
3	0.25 to <0.50	419	0.27	0.0	37.97	2.3	180	42.94
4	0.50 to <0.75	682	0.50	0.0	37.97	3.0	440	64.52
5	0.75 to <2.50	2,944	1.28	0.0	37.97	4.9	3,291	111.77
6	2.50 to <10.00	84	6.34	0.0	37.97	1.6	108	129.20
7	10.00 to <100.00	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-
9	<b>Sub-total</b>	<b>9,217,397</b>	<b>0.00</b>	<b>0.0</b>	<b>37.97</b>	<b>4.5</b>	<b>44,120</b>	<b>0.47</b>
<b>Banks</b>								
1	0.00 to <0.15	1,121,064	0.06	0.3	37.97	2.0	239,768	21.38
2	0.15 to <0.25	-	-	-	-	-	-	-
3	0.25 to <0.50	26,824	0.27	0.0	37.97	1.0	11,354	42.32
4	0.50 to <0.75	3,623	0.50	0.0	37.97	4.0	3,472	95.81
5	0.75 to <2.50	130	1.11	0.0	35.50	1.1	78	59.96
6	2.50 to <10.00	1,506	3.13	0.0	37.97	0.9	1,431	95.04
7	10.00 to <100.00	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-
9	<b>Sub-total</b>	<b>1,153,150</b>	<b>0.07</b>	<b>0.4</b>	<b>37.96</b>	<b>2.0</b>	<b>256,105</b>	<b>22.20</b>
<b>Corporate</b>								
1	0.00 to <0.15	1,276,093	0.07	2.3	37.87	3.3	338,813	26.55
2	0.15 to <0.25	-	-	-	-	-	-	-
3	0.25 to <0.50	71,739	0.27	1.3	34.64	2.8	31,462	43.85
4	0.50 to <0.75	45,443	0.50	0.9	34.76	2.4	24,117	53.07
5	0.75 to <2.50	41,705	1.23	1.3	34.66	2.8	32,929	78.95
6	2.50 to <10.00	22,779	3.58	0.4	33.64	2.2	22,050	96.80
7	10.00 to <100.00	2,328	15.16	0.1	30.64	2.2	3,445	147.92
8	100.00 (Default)	1,301	100.00	0.1	51.99	2.5	446	34.31
9	<b>Sub-total</b>	<b>¥1,461,390</b>	<b>0.30</b>	<b>6.6</b>	<b>37.45</b>	<b>3.2</b>	<b>¥453,264</b>	<b>31.01</b>

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

**CCR4-(Continued)**

(Millions of yen, %, number in the thousands, year)

		As of March 31, 2018						
		a	b	c	d	e	f	g
PD scale		EAD post-CRM	Average PD (%)	Number of counterparty	Average LGD (%)	Average maturity	RWA	RWA density (%)
<b>SME</b>								
1	0.00 to <0.15	¥147	0.07	0.0	14.18	2.7	¥12	8.33
2	0.15 to <0.25	-	-	-	-	-	-	-
3	0.25 to <0.50	7,928	0.27	0.5	21.80	3.2	1,954	24.64
4	0.50 to <0.75	5,688	0.50	0.5	22.58	3.3	1,892	33.27
5	0.75 to <2.50	6,843	1.16	0.9	23.24	3.2	3,136	45.82
6	2.50 to <10.00	4,172	3.16	0.2	23.43	3.8	2,612	62.61
7	10.00 to <100.00	999	15.16	0.0	22.64	3.0	984	98.44
8	100.00 (Default)	559	100.00	0.0	40.35	3.5	126	22.51
9	<b>Sub-total</b>	<b>26,340</b>	<b>3.69</b>	<b>2.5</b>	<b>22.98</b>	<b>3.3</b>	<b>10,718</b>	<b>40.69</b>
<b>Specialized Lending</b>								
1	0.00 to <0.15	209,425	0.10	0.1	40.14	4.5	84,829	40.50
2	0.15 to <0.25	-	-	-	-	-	-	-
3	0.25 to <0.50	36,813	0.27	0.0	38.75	4.6	23,601	64.11
4	0.50 to <0.75	30,159	0.50	0.0	37.97	4.3	23,135	76.70
5	0.75 to <2.50	34,864	0.96	0.0	37.97	4.1	32,817	94.12
6	2.50 to <10.00	2,966	3.60	0.0	37.97	4.0	3,861	130.20
7	10.00 to <100.00	1,194	15.16	0.0	37.97	3.4	2,348	196.71
8	100.00 (Default)	2,768	100.00	0.0	55.90	4.9	1,540	55.66
9	<b>Sub-total</b>	<b>318,190</b>	<b>1.21</b>	<b>0.3</b>	<b>39.64</b>	<b>4.5</b>	<b>172,134</b>	<b>54.09</b>
<b>Purchased receivables</b>								
1	0.00 to <0.15	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-
9	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retails</b>								
1	0.00 to <0.15	-	-	-	-	/	-	-
2	0.15 to <0.25	-	-	-	-	/	-	-
3	0.25 to <0.50	-	-	-	-	/	-	-
4	0.50 to <0.75	-	-	-	-	/	-	-
5	0.75 to <2.50	834	1.95	0.8	28.77	/	307	36.86
6	2.50 to <10.00	13	4.03	0.0	4.41	/	0	6.37
7	10.00 to <100.00	35	13.39	0.0	21.68	/	14	40.29
8	100.00 (Default)	3	100.00	0.0	36.77	/	1	40.68
9	<b>Sub-total</b>	<b>886</b>	<b>2.83</b>	<b>0.9</b>	<b>28.16</b>	<b>/</b>	<b>323</b>	<b>36.55</b>
<b>Total (all portfolios)</b>		<b>¥12,177,355</b>	<b>0.08</b>	<b>10.9</b>	<b>37.91</b>	<b>4.1</b>	<b>¥936,667</b>	<b>7.69</b>

**(E) CCR5: Composition of Collateral for CCR Exposure**

(Millions of yen)

		As of March 31, 2018					
		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash – domestic currency	¥3,458	¥481,886	¥5,310	¥803,536	¥1,695,567	¥2,996,441
2	Cash – other currencies	343,180	385,532	257,532	536,166	16,529,816	9,267,379
3	Domestic sovereign debt	27,877	303,956	122,227	265,290	1,951,674	2,364,378
4	Other sovereign debt	48,205	69,742	253,988	184,402	7,744,419	13,853,163
5	Government agency debt	1,234	-	481	-	620,455	1,070,112
6	Corporate bonds	55	49,094	21	3,141	493,226	603,156
7	Equity securities	-	254,472	-	128,584	1,904,428	1,413,438
8	Other collateral	-	7,806	-	4,944	4,464	394,305
9	<b>Total</b>	<b>¥424,012</b>	<b>¥1,552,490</b>	<b>¥639,562</b>	<b>¥1,926,066</b>	<b>¥30,944,054</b>	<b>¥31,962,377</b>

**(F) CCR6: Credit Derivatives Exposures**

(Millions of yen)

		As of March 31, 2018	
		a	b
		Protection bought	Protection sold
<b>Notionals</b>			
1	Single-name credit default swaps	¥1,120,511	¥1,142,042
2	Index credit default swaps	178,477	159,997
3	<b>Total return swaps</b>	-	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	<b>Total notionals</b>	<b>¥1,298,988</b>	<b>¥1,302,040</b>
Fair values			
7	<b>Positive fair value (asset)</b>	<b>2,480</b>	<b>20,313</b>
8	<b>Negative fair value (liability)</b>	<b>(18,489)</b>	<b>(868)</b>

**(G) CCR8: Exposures to Central Counterparties**

(Millions of yen)

		As of March 31, 2018	
		a	b
		EAD (post-CRM)	RWA
1	<b>Exposures to QCCPs (total)</b>	/	¥193,088
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	¥676,795	¥3,053
3	(i) OTC derivatives	438,891	425
4	(ii) Exchange-traded derivatives	115,828	2,035
5	(iii) Securities financing transactions	122,076	593
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	95,392	/
8	Non-segregated initial margin	531,371	10,967
9	Pre-funded default fund contributions	332,443	162,394
10	Unfunded default fund contributions	34,112	16,672
11	<b>Exposures to non-QCCPs (total)</b>	/	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	/
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

## ■ Securitization Exposures

We classify transactions as securitization exposures based on two characteristics, “non-recourse” and “senior/subordinated structure,” pursuant to the definitions set forth in the FSA Notice No.20, etc.; provided that the transactions do not include those which fall within specialized lending exposure.

### (1) Summary of Risk Management Regarding Securitization Exposures

#### *Our role in securitization transactions*

We are associated with securitization transactions from various purposes and positions through our banking book and trading book.

#### **(a) Securitization of our assets (“Securitization as originator”)**

For the purposes of mitigating credit risk and credit concentration risk, controlling economic capital and responding to the needs of our investors, etc., we engage in securitization transactions, the underlying assets of which include mortgage loans and loans to our corporate customers. When conducting a securitization as an originator, we consider such transactions from various aspects, including the effects of reduction of economic capital and improvement of return on risk as well as the practical effects of risk transfers, and make a comprehensive judgment on the structure and appropriateness of such transactions.

#### **(b) Securitization program (ABCP/ABL) sponsor**

As a means of supporting our customers in the securitization of their account receivables and notes receivables, etc., we retain securitization exposure by providing asset-backed loans (ABLs, which are on-balance-sheet transactions), and providing asset-backed commercial paper (ABCP) backup lines (off-balance-sheet transactions), as sponsor to special purpose companies (in the form of Cayman Islands Corporations, etc.). In such cases, in addition to gaining firm understanding of the actual risk profile through due diligence from the viewpoint of investors, we assign internal ratings and make evaluations by assessing such transactions and carefully managing the exposure together with other direct loan assets.

#### **(c) Investment in alternative credit risk assets (“Securitization Transactions as an Investor”)**

We hold securitization products, such as ABS, CMBS, RMBS, and CDO, and resecuritization products, the underlying assets of which are mainly RMBS and CDO, etc., for the purpose of investing in alternative credit risk assets that are different from conventional credit risk assets in order to diversify our investment portfolio. The Risk Management Committee, etc. set limits on the amount of investment for Securitization Transactions as an Investor, and we maintain a stringent structure for management of such transactions. In addition, we implement stress tests based on scenarios under the market liquidity depletion and sharp price declines.

In addition, we undertake various securitization program arrangements such as ABL, ABCP and trust schemes, etc., as a means of financing for our customers. We endeavor to understand the actual risk profile, including the underlying assets, and to appropriately disclose the risks and terms of the program to the customers who invest in the product.

Furthermore, we actively act as servicer for securitization transactions, offer settlement account facilities (servicer cash advance) and provide interest rate swaps to securitization conduits.

None of our affiliated entities hold securitization products in which we are involved as originators or sponsors.

The securitization conduits included within the scope of consolidation are as follows:

ROCK FIELD CORPORATION, FANTASTIC FUNDING CORPORATION, ARTEMIS FUNDING CORPORATION, N&M FUNDING CORPORATION, Denshi Saiken Kaitori Godo Kaisha, JAPAN SECURITIZATION CORPORATION, Allstar Funding Co., Ltd, SPARCS FUNDING CORPORATION, PERPETUAL FUNDING CORPORATION, Working Capital Management Co. L.P., ALWAYS CAPITAL CORPORATION, HORIZON CAPITAL CORPORATION

There are no securitization conduits that provide credit enhancement beyond what is provided in agreements.

#### **Overview of risk profile of securitization transactions and monitoring system**

In addition to price fluctuation and market liquidity risks, securitization and resecuritization products are exposed to risks related to default, recovery and granularity of underlying asset portfolio. The structure of these products also contains risks related to the originators, the administrators, trustees and managers of the underlying assets.

To address these risks, we also analyze the structure in terms of the underlying assets and credit events. We monitor the ability, quality and operating performance of originators and managers in charge of controlling the underlying assets as well as covenant information and credit status of the parties related to the program. In addition, for resecuritization products, we pay attention to the underlying assets of the underlying securitization products. We also assign internal ratings to all products and review the rating at least once a year. If there is a change in the credit situations, we will review the internal rating as appropriate. As mentioned above, we have established a system to comprehensively understand the risk characteristics of securitization exposures and manage these exposures.

We conduct credit risk measurements on all credit transactions, including securitization transactions. Furthermore, we carry out periodic monitoring on investment amount and performance on securitization transactions and report the situations to our Risk Management Committee, etc.

### Response to Basel Framework

In calculating credit risk-weighted assets of securitization exposure under the internal ratings-based approach, we apply the ratings-based approach ("RBA") if the asset has a rating obtained from eligible external credit assessment institutions and apply the supervisory formula approach ("SF") in other cases pursuant to the FSA Notice No. 20. We apply a risk weight of 1,250% under Basel III when neither RBA nor SF can be applied.

In addition, in calculating credit risk-weighted assets of securitization exposure under the standardized approach, we calculate based on risk weight according to ratings by eligible external credit assessment institutions and weighted average risk weight of underlying assets.

In terms of securitization exposure in our trading book that is subject to market risk regulations, we adopt the standardized measurement method and calculate market risk equivalent amounts in connection with the specific risks of securitization products based on risk weights according to ratings assigned by eligible external credit assessment institutions pursuant to the FSA Notice No. 20.

As for the eligible external credit assessment institutions, we refer to Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service Inc. (Moody's), Standard & Poor's (S&P) and Fitch Ratings, Ltd. in determining securitization exposure risk weight.

### (2) Accounting Policies for Securitization Transactions

The point at which financial assets and liabilities relating to securitization transactions begin or cease to be recognized, their evaluation and accounting treatment are pursuant to "Accounting Standards Relating to Financial Products"(Business Accounting Standards No. 10).

### (3) Quantitative Disclosure on Securitization Exposures

#### (A) SEC1: Securitization Exposures in the Banking Book by Type of Underlying Assets

(Millions of yen)

		As of March 31, 2018								
		a	b	c	d	e	f	g	h	i
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
type of underlying assets		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	<b>Retail (total) - of which</b>	¥0	¥-	¥0	¥882,415	¥-	¥882,415	¥1,745,598	¥-	¥1,745,598
2	residential mortgage	0	-	0	-	-	-	842,644	-	842,644
3	credit card	-	-	-	219,986	-	219,986	93,976	-	93,976
4	other retail exposures	-	-	-	662,429	-	662,429	808,977	-	808,977
5	re-securitization	-	-	-	-	-	-	-	-	-
6	<b>Wholesale (total) - of which</b>	-	422,098	422,098	219,123	-	219,123	913,169	-	913,169
7	loans to corporates	-	422,098	422,098	-	-	-	398,149	-	398,149
8	commercial mortgage	-	-	-	-	-	-	210	-	210
9	lease and receivables	-	-	-	219,123	-	219,123	414,345	-	414,345
10	other wholesale	-	-	-	-	-	-	100,463	-	100,463
11	re-securitization	-	-	-	-	-	-	-	-	-

#### (B) SEC2: Securitization Exposures in the Trading Book by Type of Underlying Assets

(Millions of yen)

		As of March 31, 2018								
		a	b	c	d	e	f	g	h	i
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
type of underlying assets		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	<b>Retail (total) - of which</b>	¥-	¥-	¥-	¥-	¥-	¥-	¥11,560	¥-	¥11,560
2	residential mortgage	-	-	-	-	-	-	4,287	-	4,287
3	credit card	-	-	-	-	-	-	2,956	-	2,956
4	other retail exposures	-	-	-	-	-	-	4,316	-	4,316
5	re-securitization	-	-	-	-	-	-	0	-	0
6	<b>Wholesale (total) - of which</b>	-	-	-	-	-	-	11,541	-	11,541
7	loans to corporates	-	-	-	-	-	-	11,240	-	11,240
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	301	-	301
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization	-	-	-	-	-	-	-	-	-

**(C) SEC3: Securitization Exposures in the Banking Book and Associated Regulatory Capital Requirements - Bank Acting as Originator or as Sponsor**

(Millions of yen)

		As of March 31, 2018							
		a	b	c	d	e	f	g	h
		Total exposures	Traditional securitization	Of which securitization	Of which		Of which re-securitization	Of which senior	Of which non-senior
					retail underlying	wholesale			
<b>Exposure values (by RW bands)</b>									
1	≤20% RW	¥1,478,354	¥1,075,137	¥1,075,137	¥859,674	¥215,463	¥-	¥-	¥-
2	>20% to 50% RW	25,515	25,515	25,515	22,741	2,773	-	-	-
3	>50% to 100% RW	886	886	886	-	886	-	-	-
4	>100% to <1250% RW	18,201	-	-	-	-	-	-	-
5	1250% RW	680	-	-	-	-	-	-	-
<b>Exposure values (by regulatory approach)</b>									
6	IRB RBA (including IAA)	136,048	136,048	136,048	117,049	18,999	-	-	-
7	IRB SFA	1,386,908	965,490	965,490	765,366	200,124	-	-	-
8	SA/SSFA	-	-	-	-	-	-	-	-
9	1250%	680	-	-	-	-	-	-	-
<b>RWA (by regulatory approach)</b>									
10	IRB RBA (including IAA)	11,093	11,093	11,093	9,722	1,370	-	-	-
11	IRB SFA	110,473	77,763	77,763	58,417	19,345	-	-	-
12	SA/SSFA	-	-	-	-	-	-	-	-
13	1250%	8,500	-	-	-	-	-	-	-
<b>Capital charge after cap</b>									
14	IRB RBA (including IAA)	940	940	940	824	116	-	-	-
15	IRB SFA	9,368	6,594	6,594	4,953	1,640	-	-	-
16	SA/SSFA	-	-	-	-	-	-	-	-
17	1250%	720	-	-	-	-	-	-	-

		As of March 31, 2018						
		i	j	k	l	m	n	o
		Synthetic securitization	Of which securitization	Of which		Of which re-securitization	Of which senior	Of which non-senior
				retail underlying	wholesale			
<b>Exposure values (by RW bands)</b>								
1	≤20% RW	¥403,216	¥403,216	¥-	¥403,216	¥-	¥-	¥-
2	>20% to 50% RW	-	-	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-	-	-
4	>100% to <1250% RW	18,201	18,201	-	18,201	-	-	-
5	1250% RW	680	680	-	680	-	-	-
<b>Exposure values (by regulatory approach)</b>								
6	IRB RBA (including IAA)	-	-	-	-	-	-	-
7	IRB SFA	421,418	421,418	-	421,418	-	-	-
8	SA/SSFA	-	-	-	-	-	-	-
9	1250%	680	680	-	680	-	-	-
<b>RWA (by regulatory approach)</b>								
10	IRB RBA (including IAA)	-	-	-	-	-	-	-
11	IRB SFA	32,710	32,710	-	32,710	-	-	-
12	SA/SSFA	-	-	-	-	-	-	-
13	1250%	8,500	8,500	-	8,500	-	-	-
<b>Capital charge after cap</b>								
14	IRB RBA (including IAA)	-	-	-	-	-	-	-
15	IRB SFA	2,773	2,773	-	2,773	-	-	-
16	SA/SSFA	-	-	-	-	-	-	-
17	1250%	720	720	-	720	-	-	-



**(D) SEC4: Securitization Exposures in the Banking Book and Associated Regulatory Capital Requirements - Bank Acting as Investor**

(Millions of yen)

		As of March 31, 2018									
		a	b	c	d	e	f	g	h		
		Total exposures	Traditional securitization	Of which securitization	Of which retail underlying	Of which wholesale	Of which re-securitization	Of which senior	Of which non-senior		
<b>Exposure values (by RW bands)</b>										1	≤20% RW
2	>20% to 50% RW	107,393	107,393	107,393	68,315	39,078	-	-	-	-	
3	>50% to 100% RW	7,415	7,415	7,415	-	7,415	-	-	-	-	
4	>100% to <1250% RW	8,678	8,678	8,678	-	8,678	-	-	-	-	
5	1250% RW	220	220	220	0	220	-	-	-	-	
<b>Exposure values (by regulatory approach)</b>		6	IRB RBA (including IAA)	1,381,546	1,381,546	1,381,546	929,913	451,633	-	-	-
7	IRB SFA	1,264,262	1,264,262	1,264,262	815,585	448,677	-	-	-	-	
8	SA/SSFA	12,737	12,737	12,737	100	12,637	-	-	-	-	
9	1250%	220	220	220	0	220	-	-	-	-	
<b>RWA (by regulatory approach)</b>		10	IRB RBA (including IAA)	99,457	99,457	99,457	67,768	31,689	-	-	-
11	IRB SFA	121,018	121,018	121,018	69,257	51,761	-	-	-	-	
12	SA/SSFA	25,711	25,711	25,711	20	25,691	-	-	-	-	
13	1250%	2,761	2,761	2,761	0	2,761	-	-	-	-	
<b>Capital charge after cap</b>		14	IRB RBA (including IAA)	8,433	8,433	8,433	5,746	2,687	-	-	-
15	IRB SFA	10,262	10,262	10,262	5,873	4,389	-	-	-	-	
16	SA/SSFA	2,056	2,056	2,056	1	2,055	-	-	-	-	
17	1250%	220	220	220	0	220	-	-	-	-	

		As of March 31, 2018						
		i	j	k	l	m	n	o
		Synthetic securitization	Of which securitization	Of which retail underlying	Of which wholesale	Of which re-securitization	Of which senior	Of which non-senior
<b>Exposure values (by RW bands)</b>								
2	>20% to 50% RW	-	-	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-	-	-
4	>100% to <1250% RW	-	-	-	-	-	-	-
5	1250% RW	-	-	-	-	-	-	-
<b>Exposure values (by regulatory approach)</b>		6	IRB RBA (including IAA)	-	-	-	-	-
7	IRB SFA	-	-	-	-	-	-	-
8	SA/SSFA	-	-	-	-	-	-	-
9	1250%	-	-	-	-	-	-	-
<b>RWA (by regulatory approach)</b>		10	IRB RBA (including IAA)	-	-	-	-	-
11	IRB SFA	-	-	-	-	-	-	-
12	SA/SSFA	-	-	-	-	-	-	-
13	1250%	-	-	-	-	-	-	-
<b>Capital charge after cap</b>		14	IRB RBA (including IAA)	-	-	-	-	-
15	IRB SFA	-	-	-	-	-	-	-
16	SA/SSFA	-	-	-	-	-	-	-
17	1250%	-	-	-	-	-	-	-

■ **Market Risk**

See pages 117 to 119 for information regarding our market risk management structure, etc.

**(1) Trading Activities**

In the calculation of the market risk equivalent amounts under the regulatory capital requirements, the risk arising from fluctuations in common factors across the market as a whole (e.g. foreign exchange and interest rates, etc.) is referred to as general market risk, and the risk arising from a deterioration in creditworthiness or market liquidity inherent in bonds and stocks is referred to as specific risk. In principle, we calculate market risk equivalent amounts by determining both general market risk and specific risk by applying the Internal Models Approach (IMA) to the former and the standardized approach to the latter, and by simply adding up both amounts. The Internal Models Approach is applied to trading transactions and calculated by adding up VAR and stressed VAR.

**(A) MR1 : Market risk under standardized approach**

(Millions of yen)

		As of March 31, 2018
		RWA
No.		(Risk equivalent / 8%)
1	Interest rate risk (general and specific)	¥405,247
2	Equity risk (general and specific)	652,526
3	Foreign exchange risk	81,926
4	Commodity risk	167,631
Options		
5	Simplified approach	-
6	Delta-plus method	24,628
7	Scenario approach	-
8	Securitization	74,438
9	<b>Total</b>	<b>¥1,406,398</b>

**(B) MR3 : IMA values for trading portfolios**

(Millions of yen)

		As of March 31, 2018
No.		
VAR (10 day 99%)		
1	Maximum value	¥13,059
2	Average value	7,496
3	Minimum value	4,978
4	Period end	7,120
Stressed VAR (10 day 99%)		
5	Maximum value	27,270
6	Average value	18,882
7	Minimum value	13,131
8	Period end	17,093
Incremental Risk Charge (99.9%)		
9	Maximum value	-
10	Average value	-
11	Minimum value	-
12	Period end	-
Comprehensive Risk Capital Charge (99.9%)		
13	Maximum value	-
14	Average value	-
15	Minimum value	-
16	Period end	-
17	Floor (standardized measurement method)	-

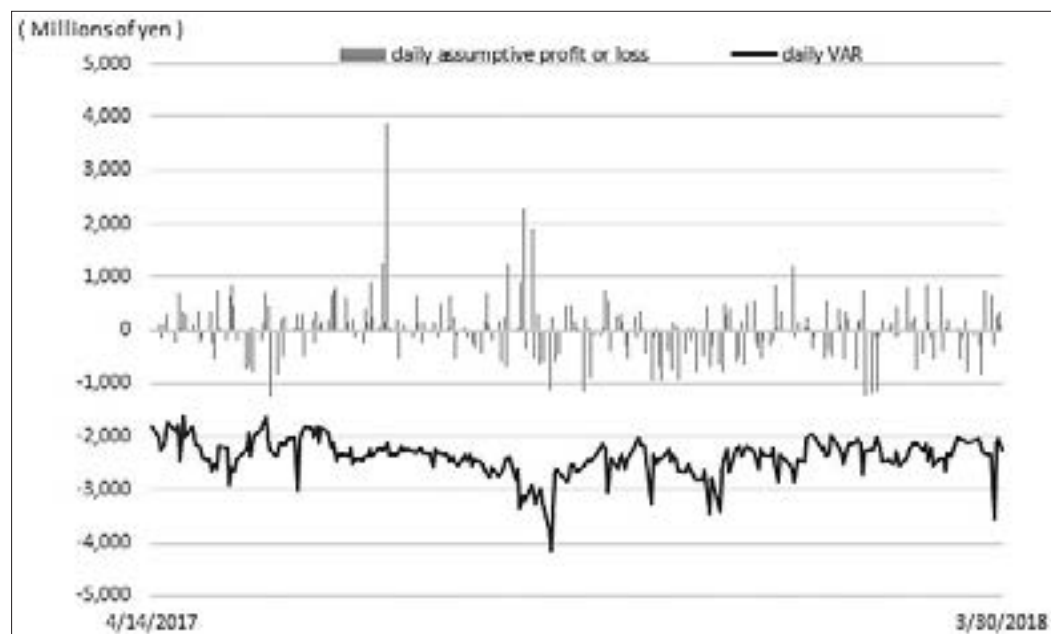
Notes: 1. The historical simulation method is used for the calculation of VAR and stressed VAR under the Internal Models Approach.

2. VAR is measured based on the observation period of 3 years (801 business days), a 99% confidence interval and a 1-day holding period. This 1-day VAR is scaled up to 10-business day VAR using the square-root-of-time ( $\sqrt{T}$ ) rule. We update historical data on a daily basis, in principle, and do not weight such data. When re-pricing instruments, we use the full revaluation method, a sensitivity-based approach and the like. We consider change width or rate as market volatility of risk factors according to product attributes.

3. When measuring stressed VAR, the same measurement approach as VAR is used except for the observation period of 1 year (265 business days). As a stressed period, we select a period which has an adequate length of time and is considered the most stressful under a certain set of criteria established based on the most recent portfolio.

4. When applying the internal model, we regularly verify the preconditions used for VAR measurement.

**(C) MR4 : Back testing results of IMA**



Note: The above graphs show the results of backtesting performed for the most recent 250 business days including the reporting reference date.

**(2) Banking Activities**

To comply with Interest Rate Risk in the Banking Book (IRRBB) requirements, we are required to calculate expected changes in the economic value of equity ( $\Delta$ EVE) arising from banking activities and expected changes in net interest income ( $\Delta$ NII) from the reference date until the date no later than 12 months from the reference date under interest rate shock scenarios (i.e. parallel up and downwards shifts in the yield curve and the like).

**(D) IRRBB1 : Interest rate risk**

		(Millions of yen)							
		a		b		c		d	
		$\Delta$ EVE				$\Delta$ NII			
No.		As of March 31, 2018	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017
1	Parallel up	¥895,416	/	¥(274,475)	/				
2	Parallel down	0	/	370,566	/				
3	Steeper	436,819	/	/	/				
4	Flattener	90,789	/	/	/				
5	Short rate up	321,141	/	/	/				
6	Short rate down	69,824	/	/	/				
7	Maximum	895,416	/	370,566	/				
		e				f			
8	Tier1 capital	As of March 31, 2018		As of March 31, 2017					
		¥9,192,244		/					

Notes: 1. Decreased economic values and interest income are shown as positive values.

2. As for some of those current deposits and ordinary deposits whose interest rates are not changed at predetermined intervals and from which depositors can withdraw money as desired on demand, we measure the interest rate risk associated with such deposits by applying an appropriate method after recognizing them as core deposits. The average repricing maturities are 0.9 years for yen deposits and 0.1 years for dollar deposits respectively. The longest repricing maturities are 10.0 years for yen deposits and 5.0 years for dollar deposits respectively. We measure interest rate risk associated with term deposits and loans in an appropriate manner by estimating their early redemption rates based on their historical prepayment and cancellation data.

3. When aggregating the respective  $\Delta$ EVE of multiple currencies, we use the internal model that estimates the correlations between the key currencies based on historical data. When aggregating the respective  $\Delta$ NII of multiple currencies, we simply add their respective  $\Delta$ NII.

4. For the calculation of  $\Delta$ EVE and  $\Delta$ NII, we set an appropriate interest rate and spread according to a certain discount rate and reference rate.

5. When making the calculations above, we use regulatory defined preconditions including an interest rate shock scenario.

## ■ Investment or Equity Exposure

### (1) Summary of Risk Profile, Risk Management Policies/ Procedures and Structure

With regard to equities, we manage default risk through our credit risk management structure and price fluctuation risk through our market risk management structure. With regard to subsidiaries and related companies in which we invest, we manage their risks on a consolidated basis, and manage them appropriately in accordance with their management classification. In addition, securities, a part of equity exposure, are valued as follows: Japanese stocks with quoted market prices are valued based on the average quoted market price over the month preceding the consolidated balance sheet date; other securities which have readily determinable fair values are valued at the quoted market price if available, or otherwise based on their reasonable value at the consolidated balance sheet date (cost of securities sold is calculated primarily by the moving average method); and other securities the fair values of which are extremely difficult to determine are stated at acquisition cost or amortized cost and determined by the moving average method.

## ■ Operational risk

### (1) Summary of Operational Risk Management and Procedures

See pages 121 to 124 for a summary of our operational risk management policies, etc.

### (2) Approach Used for the Measurement of Operational Risk Equivalent

We use the advanced measurement approach for the calculation of operational risk equivalent. See pages 122 to 124 for the outline and the scope of application of the advanced measurement approach. In the measurement of operational risk equivalent, we do not recognize the risk mitigating impact of insurance.

## ■Composition of Leverage Ratio

(Millions of yen)

Corresponding line # on Basel III disclosure template (Table 2)	Corresponding line # on Basel III disclosure template (Table 1)	Item	As of March 31, 2018	As of March 31, 2017
<b>On-balance sheet exposures (1)</b>				
1		On-balance sheet exposures before deducting adjustment items	¥178,888,103	¥174,146,451
1a	1	Total assets reported in the consolidated balance sheet	205,028,300	200,508,610
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	-	-
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	-	-
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	26,140,197	26,362,159
2	7	The amount of adjustment items pertaining to Tier1 capital (-)	1,685,871	1,296,500
3		<b>Total on-balance sheet exposures</b>	<b>(a) ¥177,202,231</b>	<b>¥172,849,950</b>
<b>Exposures related to derivative transactions (2)</b>				
4		Replacement cost associated with derivatives transactions, etc.	2,655,175	2,454,674
5		Add-on amount associated with derivatives transactions, etc.	6,524,621	5,615,193
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	858,877	1,038,620
6		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	263,112	204,188
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	-	-
8		The amount of client-cleared trade exposures for which a bank holding company acting as a clearing member is not obliged to make any indemnification (-)	/	/
9		Adjusted effective notional amount of written credit derivatives	1,319,146	1,882,691
10		The amount of deductions from effective notional amount of written credit derivatives (-)	1,207,805	1,705,729
11	4	<b>Total exposures related to derivative transactions</b>	<b>(b) ¥10,413,128</b>	<b>¥9,489,638</b>
<b>Exposures related to repo transactions (3)</b>				
12		The amount of assets related to repo transactions, etc	12,431,400	12,317,829
13		The amount of deductions from the assets above (line 12) (-)	4,196,150	5,179,456
14		The exposures for counterparty credit risk for repo transactions, etc	521,728	385,734
15		The exposures for agent repo transactions	/	/
16	5	<b>Total exposures related to repo transactions, etc.</b>	<b>(c) ¥8,756,979</b>	<b>¥7,524,107</b>
<b>Exposures related to off-balance sheet transactions (4)</b>				
17		Notional amount of off-balance sheet transactions	50,668,428	49,117,932
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	32,762,942	31,579,950
19	6	<b>Total exposures related to off-balance sheet transactions</b>	<b>(d) ¥17,905,485</b>	<b>¥17,537,982</b>
<b>Leverage ratio on a consolidated basis (5)</b>				
20		<b>The amount of capital (Tier1 capital)</b>	<b>(e) 9,192,244</b>	<b>8,211,522</b>
21	8	<b>Total exposures ((a)+(b)+(c)+(d))</b>	<b>(f) ¥214,277,824</b>	<b>¥207,401,679</b>
22		<b>Leverage ratio on a consolidated basis ((e)/(f))</b>	<b>4.28%</b>	<b>3.95%</b>

■ Indicators for Assessing Global Systemically Important Banks (G-SIBs)

(Billions of yen)

Item No.	Description	As of March 31, 2018	As of March 31, 2017
1	Total exposures (= a + b + c + d): a. On-balance sheet assets (other than assets specifically identified below b., c. and contra-account of guarantees) b. Sum of counterparty exposure of derivatives contracts, capped notional amount of written credit derivatives and potential future exposure of derivatives contracts c. Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs d. Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs )	¥215,963.6	¥208,698.1
2	Intra-financial system assets (= a + b + c + d): a. Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions b. Holdings of securities issued by other financial institutions (Note 1) c. Net positive current exposure of SFTs with other financial institutions d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	12,910.4	12,248.4
3	Intra-financial system liabilities (=a + b + c): a. Deposits due to, and loans and undrawn committed lines obtained from, other financial institutions b. Net negative current exposure of SFTs with other financial institutions c. OTC derivatives with other financial institutions that have a net negative fair value	22,558.2	20,482.5
4	Securities outstanding(Note 1)	24,854.2	24,386.5
5	Assets under custody	140,047.3	144,337.5
6	Notional amount of OTC derivatives	1,168,293.9	916,188.1
7	Held-for-trading(HFT) securities and available-for-sale(AFS) securities , excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	10,838.3	9,728.9
8	Level 3 assets (Note 3)	1,901.4	1,774.5
9	Cross-jurisdictional claims	45,183.0	44,852.9
10	Cross-jurisdictional liabilities	31,932.9	30,741.5

Item No.	Description	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2017
11	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	¥5,991,927.8	¥5,820,573.6
12	Underwritten transactions in debt and equity markets (Note 4)	16,938.1	14,159.9

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and common equities.  
 2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).  
 3. The amount is calculated in accordance with the U.S.GAAP.  
 4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

**Disclosure of Information for the Fiscal Year Ended on March 31, 2017 According to the Relevant Old FSA Notice**

Among the information disclosed for the fiscal year ended March 31, 2017, according to the relevant Old FSA Notice, see the following for the items which are different from those disclosed according to the New FSA Notice.

□ **Risk-based Capital**

**(1) Required Capital by Portfolio Classification**

(Billions of yen)

	As of March 31, 2017	
	EAD	Required capital
<b>Credit risk</b>	<b>¥207,375.9</b>	<b>¥5,078.5</b>
<b>Internal ratings-based approach</b>	<b>189,852.0</b>	<b>4,600.4</b>
Corporate (except specialized lending)	71,777.8	2,468.9
Corporate (specialized lending)	3,630.9	225.4
Sovereign	80,002.7	81.0
Bank	5,902.0	113.6
Retail	12,235.5	486.3
Residential mortgage	9,388.0	312.2
Qualifying revolving loan	629.2	48.8
Other retail	2,218.2	125.1
Equities	4,973.3	691.4
PD/LGD approach	4,180.1	485.4
Market-based approach (simple risk weight method)	793.1	205.9
Market-based approach (internal models approach)	-	-
Regarded-method exposure	1,744.0	268.4
Purchase receivables	3,297.5	102.5
Securitizations	4,009.5	26.3
Others	2,278.3	136.3
<b>Standardized approach</b>	<b>17,523.9</b>	<b>280.6</b>
Sovereign	12,638.5	12.2
Bank	1,930.1	36.7
Corporate	2,354.5	177.3
Residential mortgage	-	-
Securitizations	14.4	2.1
Others	586.1	52.0
<b>CVA risk</b>	<b>/</b>	<b>181.7</b>
<b>Central counterparty-related</b>	<b>/</b>	<b>15.6</b>
<b>Market risk</b>	<b>/</b>	<b>182.6</b>
<b>Standardized approach</b>	<b>/</b>	<b>103.6</b>
Interest rate risk	/	39.0
Equities risk	/	34.2
Foreign exchange risk	/	6.9
Commodities risk	/	23.4
Option transactions	/	-
<b>Internal models approach</b>	<b>/</b>	<b>78.9</b>
<b>Operational risk</b>	<b>/</b>	<b>269.9</b>
<b>Advanced measurement approach</b>	<b>/</b>	<b>223.4</b>
<b>Basic indicator approach</b>	<b>/</b>	<b>46.5</b>
<b>Total required capital (consolidated)</b>	<b>/</b>	<b>¥4,937.3</b>

Note: EAD calculated using the standardized approach for credit risk represents the amount before the deduction of specific reserve for possible losses on loans, reserve for possible losses on loans to restructuring countries and partial direct write-offs.

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

□ **Credit Risk**

**(2) Credit Risk Exposures, etc.**

The amounts associated with regarded-method exposures and securitization exposures are excluded. The outstanding balance is based on exposure at default.

**Status of Credit Risk Exposure**

**(A) Breakdown by Geographical Area**

(Billions of yen)

As of March 31, 2017					
	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Derivatives	Others	Total
<b>Domestic</b>	<b>¥68,581.7</b>	<b>¥19,414.3</b>	<b>¥954.6</b>	<b>¥38,424.0</b>	<b>¥127,374.7</b>
<b>Overseas</b>	<b>37,218.6</b>	<b>10,014.2</b>	<b>1,635.9</b>	<b>7,854.8</b>	<b>56,723.7</b>
Asia	8,907.9	2,145.6	472.7	1,865.2	13,391.6
Central and South America	2,978.7	56.3	85.1	456.3	3,576.6
North America	14,644.8	6,304.6	339.6	4,420.9	25,710.0
Eastern Europe	289.1	-	0.2	4.6	294.0
Western Europe	6,597.0	882.1	581.5	722.7	8,783.4
Other areas	3,800.9	625.3	156.5	384.9	4,967.7
<b>Total</b>	<b>¥105,800.4</b>	<b>¥29,428.5</b>	<b>¥2,590.5</b>	<b>¥46,278.8</b>	<b>¥184,098.4</b>
<b>Exempt portion</b>	/	/	/	/	<b>17,509.4</b>

Notes: 1. Exempt portion represents the amount before the deduction of specific reserve for possible losses on loans, reserve for possible losses on loans to restructuring countries and partial direct write-offs, calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit risk-weighted assets.

2. Exposure to non-Japanese residents is included in "Overseas."

3. "Others" include cash, deposits, call loans, other debt purchased, money held in trust, foreign exchange assets, other assets, etc.

**(B) Breakdown by Industry**

(Billions of yen)

As of March 31, 2017					
	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Derivatives	Others	Total
Manufacturing	¥20,272.4	¥2,299.9	¥424.1	¥742.9	¥23,739.5
Construction	1,349.2	215.0	7.6	70.6	1,642.4
Real estate	8,608.9	570.4	83.5	19.7	9,282.6
Service industries	5,018.6	397.7	77.4	68.0	5,561.9
Wholesale and retail	8,532.7	738.9	92.3	994.4	10,358.5
Finance and insurance	12,095.5	3,034.3	896.8	2,144.1	18,170.9
Individuals	11,071.5	-	0.8	9.4	11,081.8
Other industries	25,759.5	8,846.0	1,002.5	8,360.3	43,968.5
Japanese Government; Bank of Japan	13,091.8	13,325.9	5.1	33,868.8	60,291.8
<b>Total</b>	<b>¥105,800.4</b>	<b>¥29,428.5</b>	<b>¥2,590.5</b>	<b>¥46,278.8</b>	<b>¥184,098.4</b>
<b>Exempt portion</b>	/	/	/	/	<b>17,509.4</b>

Notes: 1. Exempt portion represents the amount before the deduction of specific reserve for possible losses on loans, reserve for possible losses on loans to restructuring countries and partial direct write-offs, calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit risk-weighted assets.

2. "Others" include cash, deposits, call loans, other debt purchased, money held in trust, foreign exchange assets, other assets, etc.

**(C) Breakdown by Residual Contractual Maturity**

(Billions of yen)

As of March 31, 2017					
	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Derivatives	Others	Total
Less than one year	¥28,002.1	¥7,317.2	¥378.8	¥5,819.6	¥41,518.0
From one year to less than three years	18,999.1	7,689.9	980.2	676.6	28,346.1
From three years to less than five years	19,035.9	1,879.4	451.7	17.8	21,384.9
Five years or more	27,912.4	7,705.1	759.0	11.9	36,388.5
Other than above	11,850.6	4,836.7	20.5	39,752.7	56,460.7
<b>Total</b>	<b>¥105,800.4</b>	<b>¥29,428.5</b>	<b>¥2,590.5</b>	<b>¥46,278.8</b>	<b>¥184,098.4</b>
<b>Exempt portion</b>	/	/	/	/	<b>17,509.4</b>

Notes: 1. Exempt portion represents the amount before the deduction of specific reserve for possible losses on loans, reserve for possible losses on loans to restructuring countries and partial direct write-offs, calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit risk-weighted assets.

2. "Others" include cash, deposits, call loans, other debt purchased, money held in trust, foreign exchange assets, other assets, etc.



## Status of Exposure Past Due Three Months or More or in Default

### (D) Breakdown by Geographical Area

(Billions of yen)

As of March 31, 2017					
	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Derivatives	Others	Total
<b>Domestic</b>	<b>¥973.8</b>	<b>¥90.6</b>	<b>¥2.9</b>	<b>¥10.5</b>	<b>¥1,078.1</b>
<b>Overseas</b>	<b>244.6</b>	<b>2.9</b>	<b>7.8</b>	<b>3.3</b>	<b>258.8</b>
Asia	54.2	0.0	1.8	1.1	57.2
Central and South America	98.5	0.0	2.8	0.0	101.3
North America	30.1	2.9	0.1	1.4	34.7
Eastern Europe	0.6	-	0.0	-	0.7
Western Europe	47.3	0.0	2.9	0.5	50.8
Other areas	13.7	-	0.0	0.1	13.9
<b>Total</b>	<b>¥1,218.5</b>	<b>¥93.6</b>	<b>¥10.8</b>	<b>¥13.9</b>	<b>¥1,336.9</b>
<b>Exempt portion</b>	/	/	/	/	<b>3.6</b>

Notes: 1. Exempt portion represents the amount before the deduction of specific reserve for possible losses on loans, reserve for possible losses on loans to restructuring countries and partial direct write-offs, calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit risk-weighted assets.

2. Exposure to non-Japanese residents is included in "Overseas."

3. "Others" include deposits, call loans, other debt purchased, money held in trust, foreign exchange assets, other assets, etc.

### (E) Breakdown by Industry

(Billions of yen)

As of March 31, 2017					
	Loans, commitments and other non-derivative off- balance-sheet exposures	Securities	Derivatives	Others	Total
Manufacturing	¥548.4	¥87.5	¥2.9	¥4.8	¥643.8
Construction	13.2	0.0	0.0	0.0	13.3
Real estate	59.0	0.3	0.1	0.2	59.6
Service industries	84.1	0.4	0.9	0.9	86.4
Wholesale and retail	176.1	2.2	0.3	4.1	182.8
Finance and insurance	11.1	2.6	0.0	1.8	15.6
Individuals	94.6	-	-	1.1	95.7
Other industries	231.8	0.3	6.4	0.7	239.4
<b>Total</b>	<b>¥1,218.5</b>	<b>¥93.6</b>	<b>¥10.8</b>	<b>¥13.9</b>	<b>¥1,336.9</b>
<b>Exempt portion</b>	/	/	/	/	<b>3.6</b>

Notes: 1. Exempt portion represents the amount before the deduction of specific reserve for possible losses on loans, reserve for possible losses on loans to restructuring countries and partial direct write-offs, calculated using the standardized approach for business units and asset classes that are immaterial for the purpose of calculating credit risk-weighted assets.

2. "Others" include deposits, call loans, other debt purchased, money held in trust, foreign exchange assets, other assets, etc.

### Status of Reserves for Possible Losses on Loans

The amounts associated with regarded-method exposure and securitization exposure are excluded.

### (F) Fiscal Year-end Balances of Reserves for Possible Losses on Loans and Changes during the Fiscal Year (after Partial Direct Write-offs)

(Billions of yen)

As of, or for the fiscal year ended, March 31, 2017		
General reserve for possible losses on loans	Beginning balance	¥304.8
	Increase during the fiscal year	344.7
	Decrease during the fiscal year	304.8
	Ending balance	344.7
Specific reserve for possible losses on loans	Beginning balance	154.6
	Increase during the fiscal year	164.4
	Decrease during the fiscal year	154.6
	Ending balance	164.4
Reserve for possible losses on loans to restructuring countries	Beginning balance	0.0
	Increase during the fiscal year	0.0
	Decrease during the fiscal year	0.0
	Ending balance	0.0
<b>Total</b>	<b>Beginning balance</b>	<b>¥459.5</b>
	<b>Increase during the fiscal year</b>	<b>509.1</b>
	<b>Decrease during the fiscal year</b>	<b>459.5</b>
	<b>Ending balance</b>	<b>509.1</b>

Note: General reserve for possible losses on loans in the above table represents the amount recorded in our consolidated balance sheet, and the amounts associated with regarded-method exposure and securitization exposure are not excluded.

**(G) Specific Reserve for Possible Losses on Loans by Geographical Area and Industry**

(Billions of yen)

	As of March 31, 2017	As of March 31, 2016	Change
<b>Domestic</b>	<b>¥105.0</b>	<b>¥96.2</b>	<b>¥8.7</b>
Manufacturing	36.4	27.2	9.2
Construction	0.8	3.1	(2.3)
Real estate	1.9	2.3	(0.3)
Service industries	12.6	11.5	1.1
Wholesale and retail	33.4	28.8	4.5
Finance and insurance	0.5	0.6	(0.0)
Individuals	14.1	17.3	(3.2)
Other industries	4.8	5.0	(0.1)
<b>Overseas</b>	<b>49.2</b>	<b>49.1</b>	<b>0.0</b>
<b>Exempt portion</b>	<b>10.1</b>	<b>9.3</b>	<b>0.8</b>
<b>Total</b>	<b>¥164.4</b>	<b>¥154.6</b>	<b>¥9.7</b>

Note: Exempt portion represents the amount calculated using the standardized approach for business units and asset classes that are immaterial for purposes of calculating credit risk-weighted assets.

**(H) Write-offs of Loans by Industry**

(Billions of yen)

For the fiscal year ended March 31, 2017	
Manufacturing	¥0.9
Construction	0.3
Real estate	0.2
Service industries	2.3
Wholesale and retail	3.1
Finance and insurance	-
Individuals	4.4
Other industries	4.2
<b>Exempt portion</b>	<b>0.1</b>
<b>Total</b>	<b>¥15.8</b>

Notes: 1. The above table represents the breakdown of losses on write-offs of loans recorded in our consolidated statement of income after excluding the amounts associated with regarded-method exposure and securitization exposure.  
2. Exempt portion represents the amount calculated using the standardized approach for business units and asset classes that are immaterial for purposes of calculating credit risk-weighted assets.  
3. "Other industries" include overseas and non-Japanese resident portions.

**Status of Exposure to which the Standardized Approach is Applied**

**(I) Exposure by Risk Weight Category after Applying Credit Risk Mitigation**

(Billions of yen)

As of March 31, 2017							
Risk weight		On-balance sheet		Off-balance sheet		Total	With external rating
	0%	¥10,729.6	¥1,522.4	¥12,252.1		¥50.0	
	10%	179.8	-	179.8		-	
	20%	1,337.2	511.1	1,848.4		63.5	
	35%	-	-	-		-	
	50%	42.4	55.8	98.3		22.0	
	100%	1,894.8	1,186.8	3,081.6		122.9	
	150%	0.0	-	0.0		-	
	250%	48.9	-	48.9		-	
	350%	-	-	-		-	
	625%	-	0.0	0.0		-	
	937.5%	-	0.0	0.0		-	
	1,250%	-	0.0	0.0		-	
<b>Total</b>		<b>¥14,233.1</b>	<b>¥3,276.3</b>	<b>¥17,509.4</b>		<b>¥258.4</b>	

Notes: 1. The amounts in the above table are before the deduction of specific reserve for possible losses on loans, reserve for possible losses on loans to restructuring countries and partial direct write-offs.  
2. Off-balance-sheet exposure shows credit equivalent amount.

**(J) Amount of Exposure to which a Risk Weight of 1,250% is Applied**

(Billions of yen)

As of March 31, 2017	
Amount of exposure to which a risk weight of 1,250% is applied	¥0.2

**Status of Exposure to which the Internal Ratings-based Approach is Applied**

**(K) Specialized Lending Exposure under Supervisory Slotting Criteria by Risk Weight Category**

(Billions of yen)

As of March 31, 2017		
Risk weight	50%	¥0.0
	70%	13.4
	90%	3.8
	95%	87.6
	115%	4.5
	120%	8.0
	140%	15.2
	250%	17.0
	Default	15.5
<b>Total</b>		<b>¥165.6</b>

**(L) Equity Exposure under Simple Risk Weight Method of Market-based Approach by Risk Weight Category**

(Billions of yen)

As of March 31, 2017		
Risk weight	300%	¥737.5
	400%	55.6
<b>Total</b>		<b>¥793.1</b>

Note: Of the equity exposure under the simple risk weight method, a risk weight of 300% is applied for listed equities and 400% for unlisted equities.

**(M) Portfolio by Asset Class and Ratings Segment (Corporate, etc.)**

(Billions of yen, except percentages)

As of March 31, 2017									
	PD (EAD weighted average) (%)	LGD (EAD weighted average) (%)	EL default (EAD weighted average) (%)	Risk weight (EAD weighted average) (%)	EAD	On- balance sheet	Off- balance sheet	Amount of undrawn commit- ments	Weighted average of credit conversion factor (%)
<b>Corporate</b>	<b>1.76</b>	<b>36.17</b>	<b>/</b>	<b>36.73</b>	<b>¥78,222.1</b>	<b>¥56,571.6</b>	<b>¥21,650.4</b>	<b>¥22,184.7</b>	<b>74.99</b>
Investment grade zone	0.09	37.82	/	26.08	55,538.0	37,788.8	17,749.1	18,464.6	74.99
Non-investment grade zone	1.49	31.95	/	64.06	21,680.0	17,927.0	3,752.9	3,563.4	75.00
Default	100.00	35.87	33.22	35.12	1,004.0	855.7	148.2	156.6	75.00
<b>Sovereign</b>	<b>0.01</b>	<b>37.96</b>	<b>/</b>	<b>1.27</b>	<b>80,314.2</b>	<b>67,492.6</b>	<b>12,821.5</b>	<b>816.3</b>	<b>75.00</b>
Investment grade zone	0.00	37.96	/	1.16	80,165.1	67,353.7	12,811.4	806.8	75.00
Non-investment grade zone	0.94	37.82	/	63.75	149.0	138.8	10.1	9.4	75.00
Default	100.00	28.51	25.45	40.51	0.0	0.0	-	-	-
<b>Bank</b>	<b>0.16</b>	<b>37.28</b>	<b>/</b>	<b>23.23</b>	<b>5,921.5</b>	<b>4,231.3</b>	<b>1,690.2</b>	<b>734.3</b>	<b>75.00</b>
Investment grade zone	0.08	37.30	/	19.41	5,337.6	3,764.5	1,573.0	643.6	75.00
Non-investment grade zone	0.59	36.96	/	58.25	582.4	465.3	117.1	90.6	75.00
Default	100.00	96.75	94.52	29.55	1.4	1.4	-	-	-
<b>Equity exposure under PD/LGD approach</b>	<b>2.28</b>	<b>90.00</b>	<b>/</b>	<b>145.16</b>	<b>4,180.1</b>	<b>4,064.4</b>	<b>115.7</b>	<b>-</b>	<b>-</b>
Investment grade zone	0.07	90.00	/	112.90	3,788.9	3,673.2	115.7	-	-
Non-investment grade zone	1.10	90.00	/	240.10	301.9	301.9	-	-	-
Default	100.00	90.00	/	1,192.50	89.3	89.3	-	-	-
<b>Total</b>	<b>0.88</b>	<b>38.40</b>	<b>/</b>	<b>22.06</b>	<b>¥168,638.0</b>	<b>¥132,360.1</b>	<b>¥36,277.9</b>	<b>¥23,735.3</b>	<b>74.99</b>
Investment grade zone	0.04	39.24	/	14.31	144,829.7	112,580.3	32,249.4	19,915.1	74.99
Non-investment grade zone	1.46	32.89	/	66.25	22,713.3	18,833.1	3,880.2	3,663.5	75.00
Default	100.00	40.37	33.31	129.54	1,094.9	946.6	148.2	156.6	75.00

Notes: 1. Investment grade zone includes obligor ratings A1 through B2, non-investment grade zone includes C1 through E2 (excluding E2R), and default includes E2R through H1.

2. "Corporate" does not include specialized lending exposure under supervisory slotting criteria.

3. Each asset class includes purchased receivables.

4. The commitments that can be terminated at any time without condition or terminated automatically are not included in the amount of undrawn commitments and weighted average of credit conversion factor.

5. Regarding equity exposure under the PD/LGD approach, we recognize the risk-weighted assets by multiplying 1,250% by the expected loss ("EL").

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

**(N) Portfolio by Asset Class and Ratings Segment (Retail)**

(Billions of yen, except percentages)

As of March 31, 2017									
	PD (EAD weighted average) (%)	LGD (EAD weighted average) (%)	EL default (EAD weighted average) (%)	Risk weight (EAD weighted average) (%)	EAD (Billions of yen)	On- balance sheet	Off- balance sheet	Amount of undrawn commit- ments	Weighted average of credit conversion factor (%)
<b>Residential mortgage</b>	<b>1.61</b>	<b>41.29</b>	/	<b>32.98</b>	<b>¥9,388.0</b>	<b>¥9,258.2</b>	<b>¥129.8</b>	<b>¥9.1</b>	<b>75.00</b>
Non-default	0.76	41.24	/	32.92	9,307.8	9,179.6	128.2	9.1	75.00
Default	100.00	47.30	44.25	40.27	80.2	78.6	1.5	-	-
<b>Qualifying revolving loan (retail)</b>	<b>3.25</b>	<b>76.82</b>	/	<b>66.05</b>	<b>629.2</b>	<b>414.9</b>	<b>214.2</b>	<b>1,715.6</b>	<b>12.49</b>
Non-default	3.14	76.83	/	66.05	628.4	414.4	214.0	1,714.1	12.49
Default	100.00	71.62	66.53	67.40	0.7	0.5	0.1	1.5	12.84
<b>Other retail</b>	<b>4.50</b>	<b>49.02</b>	/	<b>46.43</b>	<b>2,218.2</b>	<b>2,204.2</b>	<b>14.0</b>	<b>16.4</b>	<b>65.02</b>
Non-default	1.66	49.12	/	46.56	2,154.0	2,143.4	10.5	12.7	56.80
Default	100.00	45.71	42.54	41.92	64.2	60.7	3.4	3.6	93.64
<b>Total</b>	<b>2.22</b>	<b>44.52</b>	/	<b>37.12</b>	<b>¥12,235.5</b>	<b>¥11,877.4</b>	<b>¥358.0</b>	<b>¥1,741.2</b>	<b>13.31</b>
Non-default	1.04	44.49	/	37.07	12,090.3	11,737.5	352.8	1,736.0	13.14
Default	100.00	46.72	43.61	41.14	145.2	139.9	5.2	5.2	69.86

Notes: 1. Each asset class includes purchased receivables.

2. The commitments that can be terminated at any time without condition or terminated automatically are not included in the amount of undrawn commitments and weighted average of credit conversion factor.

**(O) Actual Losses by Asset Class**

(Billions of yen)

For the period from April 1, 2016 through March 31, 2017	
	Actual losses
Corporate	¥(2.8)
Sovereign	0
Bank	(0.2)
Residential mortgage	(0.6)
Qualifying revolving loan (retail)	0.5
Other retail	(1.6)
<b>Total</b>	<b>¥(4.9)</b>

Note: Actual losses are the sum of the net increase (decrease) in the amount of partial direct write-offs, specific reserve for possible losses on loans and general reserve for possible losses on loans (for claims against special attention obligors or below), etc., as well as tax-qualified direct write-offs, losses from sales of non-performing loans, losses from debt forgiveness and losses from debt-equity swaps during the relevant period. Equity exposure under the PD/LGD approach is not included in the amount of actual losses.

**(P) Comparison of Estimated and Actual Losses by Asset Class**

(Billions of yen)

	For the period from April 1, 2007 through March 31, 2008			For the period from April 1, 2008 through March 31, 2009		
	Estimated losses (expected losses as of March 31, 2007)	Actual losses	Estimated losses (expected losses as of March 31, 2008)	Actual losses		
	After deduction of reserves		After deduction of reserves			
Corporate	¥1,086.0	¥217.0	¥74.6	¥1,121.0	¥350.0	¥345.3
Sovereign	5.4	(7.0)	0.0	1.3	(11.1)	0.0
Bank	6.4	2.6	(2.6)	2.9	2.5	28.6
Residential mortgage	78.2	6.8	5.1	86.6	22.7	17.2
Qualifying revolving loan (retail)	7.2	2.3	(0.1)	7.9	3.2	2.1
Other retail	52.9	8.8	(2.8)	51.9	16.4	3.8
<b>Total</b>	<b>¥1,236.5</b>	<b>¥230.5</b>	<b>¥74.1</b>	<b>¥1,271.8</b>	<b>¥383.9</b>	<b>¥397.3</b>

(Billions of yen)

	For the period from April 1, 2009 through March 31, 2010			For the period from April 1, 2010 through March 31, 2011		
	Estimated losses (expected losses as of March 31, 2009)	Actual losses	Estimated losses (expected losses as of March 31, 2010)	Actual losses	Estimated losses (expected losses as of March 31, 2010)	Actual losses
		After deduction of reserves		After deduction of reserves		After deduction of reserves
Corporate	¥1,313.1	¥473.3	¥166.5	¥1,296.9	¥454.0	¥22.9
Sovereign	1.7	(10.8)	0.3	1.5	(11.4)	0.2
Bank	35.5	6.5	1.0	38.4	8.3	(0.4)
Residential mortgage	95.8	24.8	33.2	122.6	31.1	31.5
Qualifying revolving loan (retail)	10.3	3.8	0.2	10.2	3.5	1.4
Other retail	51.3	15.6	4.3	51.2	15.0	23.1
<b>Total</b>	<b>¥1,508.0</b>	<b>¥513.3</b>	<b>¥205.8</b>	<b>¥1,521.1</b>	<b>¥500.6</b>	<b>¥78.7</b>

(Billions of yen)

	For the period from April 1, 2011 through March 31, 2012			For the period from April 1, 2012 through March 31, 2013		
	Estimated losses (expected losses as of March 31, 2011)	Actual losses	Estimated losses (expected losses as of March 31, 2012)	Actual losses	Estimated losses (expected losses as of March 31, 2012)	Actual losses
		After deduction of reserves		Afterdeduction of reserves		Afterdeduction of reserves
Corporate	¥989.6	¥373.2	¥29.2	¥828.0	¥272.6	¥75.6
Sovereign	1.3	(11.7)	0.2	3.1	(10.2)	0.2
Bank	31.9	4.1	(1.4)	18.4	6.3	(5.0)
Residential mortgage	150.4	43.2	(2.9)	134.8	41.6	(9.2)
Qualifying revolving loan (retail)	12.2	4.2	(0.7)	10.8	3.7	0.3
Other retail	74.7	24.1	5.2	73.5	24.2	0.2
<b>Total</b>	<b>¥1,260.3</b>	<b>¥437.2</b>	<b>¥29.5</b>	<b>¥1,068.8</b>	<b>¥338.4</b>	<b>¥62.1</b>

(Billions of yen)

	For the period from April 1, 2013 through March 31, 2014			For the period from April 1, 2014 through March 31, 2015		
	Estimated losses (expected losses as of March 31, 2013)	Actual losses	Estimated losses (expected losses as of March 31, 2014)	Actual losses	Estimated losses (expected losses as of March 31, 2014)	Actual losses
		After deduction of reserves		After deduction of reserves		After deduction of reserves
Corporate	¥785.1	¥246.9	¥(41.2)	¥596.0	¥195.5	¥128.1
Sovereign	1.7	(11.9)	(13.5)	1.5	1.5	0.0
Bank	12.5	6.4	(1.2)	10.3	5.6	(1.2)
Residential mortgage	123.7	50.5	(3.2)	104.8	46.1	(0.7)
Qualifying revolving loan (retail)	11.2	3.9	0.4	11.5	3.8	2.2
Other retail	69.1	26.2	1.4	61.9	23.8	5.1
<b>Total</b>	<b>¥1,003.5</b>	<b>¥322.3</b>	<b>¥(57.4)</b>	<b>¥786.3</b>	<b>¥276.6</b>	<b>¥133.6</b>

(Billions of yen)

	For the period from April 1, 2015 through March 31, 2016			For the period from April 1, 2016 through March 31, 2017		
	Estimated losses (expected losses as of March 31, 2015)	Actual losses	Estimated losses (expected losses as of March 31, 2016)	Actual losses	Estimated losses (expected losses as of March 31, 2016)	Actual losses
		After deduction of reserves		After deduction of reserves		After deduction of reserves
Corporate	¥607.1	¥128.9	¥24.8	¥483.4	¥117.6	¥(2.8)
Sovereign	1.6	1.5	0	1.8	1.7	0
Bank	7.3	3.9	(0.5)	5.5	3.6	(0.2)
Residential mortgage	80.4	31.2	(6.0)	71.5	34.2	(0.6)
Qualifying revolving loan (retail)	12.3	2.4	0.4	13.6	3.3	0.5
Other retail	54.3	15.1	(1.2)	47.8	16.5	(1.6)
<b>Total</b>	<b>¥763.2</b>	<b>¥183.3</b>	<b>¥17.4</b>	<b>¥623.8</b>	<b>¥177.2</b>	<b>¥(4.9)</b>

Notes: 1. Estimated losses after deduction of reserve are the amount after deductions of partial direct write-offs, specific reserves for possible losses on loans and general reserves for possible losses on loans (for claims against special attention obligors or below), etc., as of the beginning of each period. Equity exposure under the PD/LGD approach is not included in the amount of estimated losses.

2. Actual losses are the sum of the net increase (decrease) in the amount of partial direct write-offs, specific reserves for possible losses on loans and general reserves for possible losses on loans (for claims against special attention obligors or below), etc., as well as tax-qualified direct write-offs, losses from sales of non-performing loans, losses from debt forgiveness and losses from debt-equity swaps during the relevant period. Equity exposure under the PD/LGD approach is not included in the amount of actual losses.

□ **Methods for Credit Risk Mitigation**

**(3) Credit Risk Mitigation by Portfolio Classification**

The amounts of exposure to which the method of credit risk mitigation through collateral and guarantees is applied are as follows:

(Billions of yen)

	As of March 31, 2017				Total
	Financial collateral	Other collateral	Guarantees	Credit derivatives	
<b>Internal ratings-based approach</b>	<b>¥806.3</b>	<b>¥5,045.9</b>	<b>¥8,429.4</b>	<b>¥11.7</b>	<b>¥14,293.4</b>
Corporate	740.9	4,670.6	7,412.7	11.7	12,836.0
Sovereign	8.5	8.3	369.9	-	386.8
Bank	33.3	99.6	82.3	-	215.3
Retail	23.4	267.2	564.4	-	855.1
Residential mortgage	-	-	122.5	-	122.5
Qualifying revolving loan	-	-	0.1	-	0.1
Other retail	23.4	267.2	441.7	-	732.4
Others	-	-	-	-	-
<b>Standardized approach</b>	<b>124.5</b>	<b>/</b>	<b>163.4</b>	<b>-</b>	<b>287.9</b>
Sovereign	100.0	/	163.4	-	263.4
Bank	14.0	/	-	-	14.0
Corporate	10.5	/	-	-	10.5
Residential mortgage	-	/	-	-	-
Securitizations	-	/	-	-	-
Others	-	/	-	-	-
<b>Total</b>	<b>¥930.8</b>	<b>¥5,045.9</b>	<b>¥8,592.9</b>	<b>¥11.7</b>	<b>¥14,581.4</b>

□ **Counterparty Risk in Derivatives Transactions and Long-settlement Transactions**

**(4) Status of Counterparty Risk in Derivatives Transactions and Long-settlement Transactions**

**(A) Status of Derivatives Transactions and Long-settlement Transactions**

**Derivative Transactions**

(Billions of yen)

	As of March 31, 2017		
	Gross replacement cost	Gross add-on	Credit equivalent amount
<b>Current exposure method</b>			
Foreign exchange-related transactions	¥139.7	¥95.7	¥235.4
Interest rate-related transactions	156.5	61.8	218.3
Gold-related transactions	-	-	-
Equity-related transactions	36.6	130.4	167.0
Transactions related to precious metals (other than gold)	33.1	73.7	106.8
Other commodity-related transactions	527.4	1,160.5	1,688.0
Credit derivatives transactions	2.4	8.1	10.6
<b>Subtotal</b>	<b>895.9</b>	<b>1,530.4</b>	<b>2,426.4</b>
Netting benefits by close-out netting settlement contracts	(A) /	(B) /	1,154.2
<b>Subtotal</b>	<b>(C)=(A)+(B)</b> /	/	<b>1,272.1</b>
Effect of credit risk mitigation by collateral	(D) /	/	298.6
<b>Total</b>	<b>(C)+(D)</b> /	/	<b>¥973.5</b>
			<b>Credit equivalent amount</b>
<b>Standardized method</b>			<b>amount</b>
<b>Total</b>			<b>¥16.3</b>
<b>Expected positive exposure method</b>			
<b>Total</b>			<b>¥2,386.1</b>

## Long-settlement Transactions

(Billions of yen)

	As of March 31, 2017		
	Gross replacement cost	Gross add-on	Credit equivalent amount
<b>Long-settlement transactions</b>	¥26.8	¥5.9	¥32.8

Notes: 1. The current exposure method is used as the method to calculate credit equivalent amounts.

2. Neither the "netting benefits by close-out netting settlement contracts" nor the "effect of credit risk mitigation by collateral" applies to long-settlement transactions.

## (B) Amounts of Credit Risk Mitigation by Type

(Billions of yen)

	As of March 31, 2017
Financial collateral	¥23.7
Other collateral	31.1
Guarantees, others	11.7
<b>Total</b>	<b>¥66.7</b>

## (C) Notional Amount of Credit Derivatives Subject to Credit Equivalent Amount Calculations

(Billions of yen)

		As of March 31, 2017
		Notional amount
<b>Credit derivatives type:</b>		
Credit default swap	Protection bought	¥1,708.2
	Protection sold	1,803.0
Total return swap	Protection bought	-
	Protection sold	-
<b>Total</b>	<b>Protection bought</b>	<b>¥1,708.2</b>
	<b>Protection sold</b>	<b>1,803.0</b>

Note: Credit derivatives used for credit risk mitigation are as follows:

(Billions of yen)

	As of March 31, 2017
Credit derivatives used for credit risk mitigation	¥20.0

## □ Securitization Exposures

### (5) Quantitative Disclosure Items for Securitization Exposures

#### Securitization Exposures as Originator (for Calculation of Credit Risk-weighted Assets)

#### (A) Information by Type of Underlying Assets

(Billions of yen)

	As of, or for the fiscal year ended, March 31, 2017							
	Credit cards	Residential mortgage loans	Auto loans	Lease payment receivables	Corporate	Real estate	Securitization products	Total
<b>Traditional securitizations</b>								
Amount of underlying assets (a)	¥-	¥48.1	¥-	¥-	¥-	¥-	¥-	¥48.1
Default exposure	-	0.2	-	-	-	-	-	0.2
Losses during the fiscal year	-	-	-	-	-	-	-	-
Amount of exposures securitized during the fiscal year	-	-	-	-	-	-	-	-
Gains and losses recognized on sales during the fiscal year	-	-	-	-	-	-	-	-
Securitization subject to early amortization treatment	-	-	-	-	-	-	-	-
<b>Synthetic securitizations</b>								
Amount of underlying assets (b)	-	-	-	-	280.9	-	-	280.9
Default exposure	-	-	-	-	-	-	-	-
Losses during the fiscal year	-	-	-	-	-	-	-	-
Amount of exposures securitized during the fiscal year	-	-	-	-	277.4	-	-	277.4
<b>Total amount of underlying assets (a)+(b)</b>	<b>¥-</b>	<b>¥48.1</b>	<b>¥-</b>	<b>¥-</b>	<b>¥280.9</b>	<b>¥-</b>	<b>¥-</b>	<b>¥329.1</b>

Notes: 1. Items that refer to "during the fiscal year" show amounts accumulated during the fiscal year ended March 31, and 2017.

2. "Amount of underlying assets" and "Losses during the fiscal year" include those related to, in addition to exposure originated by us, exposure to assets originated by other financial institutions if they are contained in the same securitization program.

3. Classification based on type of underlying assets is conducted according to the principal underlying asset type for each transaction.

4. "Credit cards" include shopping credit receivables, card loans, etc.

5. The effects of risk mitigation, in the context of calculating capital adequacy ratio, of transfers (hedges) of risk through synthetic securitization transactions are reflected in "Required capital" of "(B) Information of securitization exposure retained or purchased."

Basel Regulatory Disclosures  
**Status of Mizuho Financial Group's Consolidated Capital Adequacy**

—Exposure Intended to be Securitized—

(Billions of yen)

	As of March 31, 2017							
	Credit cards	Residential mortgage loans	Auto loans	Lease payment receivables	Corporate	Real estate	Securitization products	Total
Exposure intended to be securitized	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥-

**(B) Information of Securitization Exposure Retained or Purchased**

—Exposure by Type of Underlying Asset—

(Billions of yen)

	As of March 31, 2017							
	Credit cards	Residential mortgage loans	Auto loans	Lease payment receivables	Corporate	Real estate	Securitization products	Total
<b>On-balance sheet</b>	¥-	¥0	¥-	¥-	¥280.9	¥-	¥-	¥280.9
Exposure on resecuritizations	-	-	-	-	-	-	-	-
<b>Off-balance sheet</b>	-	-	-	-	-	-	-	-
Exposure on resecuritizations	-	-	-	-	-	-	-	-
<b>Total</b>	¥-	¥0	¥-	¥-	¥280.9	¥-	¥-	¥280.9
Exposure on resecuritizations	-	-	-	-	-	-	-	-
Exposure on securitizations to which a risk weight of 1,250% is applied	-	0	-	-	0.6	-	-	0.6
Exposure whose underlying assets are overseas assets	-	-	-	-	-	-	-	-

Notes: 1. Classification based on type of underlying asset is conducted according to the principal underlying asset type for each transaction.

2. "Credit cards" include shopping credit receivables, card loans, etc.

3. "Exposure whose underlying assets are overseas assets" is classified based on the principal underlying asset type for each transaction.

4. "Exposure on resecuritizations" as of March 31, 2017 is classified following Article 1, Paragraph 2-2 of the FSA Notice No. 20 (hereinafter the same).

—Exposure by Risk Weight Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on resecuritizations	Off-balance sheet	Exposure on resecuritizations	Total	Exposure on resecuritizations
Risk weight	Up to 20%	¥267.4	¥-	¥-	¥-	¥267.4	¥-
	Up to 50%	-	-	-	-	-	-
	Up to 100%	-	-	-	-	-	-
	Up to 250%	1.7	-	-	-	1.7	-
	Up to 650%	-	-	-	-	-	-
	Less than 1,250%	11.1	-	-	-	11.1	-
	1,250%	0.6	-	-	-	0.6	-
<b>Total</b>		¥280.9	¥-	¥-	¥-	¥280.9	¥-

—Amount of Required Capital by Risk Weight Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on resecuritizations	Off-balance sheet	Exposure on resecuritizations	Total	Exposure on resecuritizations
Risk weight	Up to 20%	¥1.5	¥-	¥-	¥-	¥1.5	¥-
	Up to 50%	-	-	-	-	-	-
	Up to 100%	-	-	-	-	-	-
	Up to 250%	-	-	-	-	-	-
	Up to 650%	-	-	-	-	-	-
	Less than 1,250%	0.2	-	-	-	0.2	-
	1,250%	0.7	-	-	-	0.7	-
<b>Total</b>		¥2.6	¥-	¥-	¥-	¥2.6	¥-



—Credit Risk Mitigation against Exposure on Resecuritizations—

(Billions of yen)

		As of March 31, 2017
Risk weight	Up to 20%	¥-
	Up to 50%	-
	Up to 100%	-
	Up to 250%	-
	Up to 650%	-
<b>Total</b>		¥-

Note: The above table shows the exposure on resecuritizations based on the risk weight after taking into consideration the effect of method to mitigate credit risk.

—Capital Increase Due to Securitization Transactions—

(Billions of yen)

		As of March 31, 2017							
		Credit cards	Residential mortgage loans	Auto loans	Lease payment receivables	Corporate	Real estate	Securitization products	Total
<b>Capital increase due to securitization transactions</b>		¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥-

*Securitization Exposure as Sponsor of Securitization Programs (ABCP/ABL) (for Calculation of Credit Risk-weighted Assets)*

(C) Information by Type of Underlying Assets

(Billions of yen)

		As of, or for the fiscal year ended, March 31, 2017							
		Credit cards	Residential mortgage loans	Auto loans	Lease payment receivables	Account and note receivables	Real estate	Others	Total
<b>Amount of underlying assets</b>		¥43.3	¥-	¥74.4	¥31.9	¥307.5	¥-	¥43.3	¥500.6
Default exposure		-	-	-	-	4.9	-	-	4.9
<b>Estimated loss amount related to underlying assets during the fiscal year</b>		1.6	-	0.8	0.5	5.8	-	0.7	9.6
<b>Amount of exposures securitized during the fiscal year</b>		¥394.0	¥-	¥814.3	¥753.7	¥2,512.4	¥-	¥680.3	¥5,154.9

Notes: 1. Items that refer to "during the fiscal year" show amounts accumulated during the fiscal year ended March 31, 2017.

2. Securitization exposure that is acquired in securitization of customer's claims other than as sponsor (in the form of asset-backed securities, trust beneficiary rights and other transferable instruments) is categorized as securitization exposure as investor.

3. The amount of default exposure is the amount of the underlying assets recognized as default in the calculation of capital adequacy ratio.

4. Estimated loss amount related to underlying assets is based on the amount of the underlying assets as of the relevant date and the following parameters that are used in the calculation of capital adequacy ratio:

- parameters used in the calculation of required capital for an underlying asset when applying the supervisory formula (e.g., PD); and
- with respect to underlying assets classified as securitization exposure, the conservative application of risk weights used in the ratings-based approach.

5. Classification based on type of underlying assets is conducted according to the principal underlying asset type for each transaction. Transactions that are difficult to classify are included under "Others."

6. "Credit cards" include shopping credit receivables, card loans, etc.

(D) Information of Securitization Exposure Retained or Purchased

—Exposure by Type of Underlying Asset—

(Billions of yen)

		As of March 31, 2017							
		Credit cards	Residential mortgage loans	Auto loans	Lease payment receivables	Account and note receivables	Real estate	Others	Total
<b>On-balance sheet</b>		¥17.8	¥-	¥62.7	¥30.1	¥296.3	¥-	¥43.3	¥450.6
Exposure on resecuritizations		-	-	-	-	-	-	-	-
<b>Off-balance sheet</b>		136.3	-	0.1	-	54.0	-	27.6	218.2
Exposure on resecuritizations		-	-	-	-	-	-	-	-
<b>Total</b>		¥154.2	¥-	¥62.9	¥30.1	¥350.4	¥-	¥71.0	¥668.8
Exposure on resecuritizations		-	-	-	-	-	-	-	-
Exposure on securitizations to which a risk weight of 1,250% is applied		-	-	-	-	-	-	-	-
Exposure whose underlying assets are overseas assets		98.2	-	-	18.0	153.0	-	58.3	327.7

Notes: 1. Securitization exposure retained or purchased includes unused portions of securitization programs that are subject to allocation of required capital.

2. Classification based on type of underlying assets is conducted according to the principal underlying asset type for each transaction. Transactions that are difficult to classify are included under "Others."

3. "Credit cards" include shopping credit receivables, card loans, etc.

4. The classification of transactions of which the underlying assets are overseas assets is conducted according to the principal underlying assets of each transaction.

5. "Exposure on resecuritizations" as of March 31, 2017 is classified following Article 1, Paragraph 2-2 of the FSA Notice No. 20 (hereinafter the same).

—Exposure by Risk Weight Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on securitizations	Off-balance sheet	Exposure on securitizations	Total	Exposure on securitizations
Risk weight	Up to 20%	¥434.9	¥-	¥218.2	¥-	¥653.1	¥-
	Up to 50%	14.0	-	-	-	14.0	-
	Up to 100%	1.6	-	-	-	1.6	-
	Up to 250%	-	-	-	-	-	-
	Up to 650%	-	-	-	-	-	-
	Less than 1,250%	-	-	-	-	-	-
<b>Total</b>		<b>¥450.6</b>	<b>¥-</b>	<b>¥218.2</b>	<b>¥-</b>	<b>¥668.8</b>	<b>¥-</b>

—Amount of Required Capital by Risk Weight Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on securitizations	Off-balance sheet	Exposure on securitizations	Total	Exposure on securitizations
Risk weight	Up to 20%	¥2.7	¥-	¥1.4	¥-	¥4.1	¥-
	Up to 50%	0.2	-	-	-	0.2	-
	Up to 100%	0.1	-	-	-	0.1	-
	Up to 250%	-	-	-	-	-	-
	Up to 650%	-	-	-	-	-	-
	Less than 1,250%	-	-	-	-	-	-
<b>Total</b>		<b>¥3.1</b>	<b>¥-</b>	<b>¥1.4</b>	<b>¥-</b>	<b>¥4.5</b>	<b>¥-</b>

—Credit Risk Mitigation against Exposure on Resecuritizations—

(Billions of yen)

		As of March 31, 2017	
Risk weight	Up to 20%		¥-
	Up to 50%		-
	Up to 100%		-
	Up to 250%		-
	Up to 650%		-
	Over 650%		-
<b>Total</b>			<b>¥-</b>

Note: The above table shows the exposure on securitizations based on the risk weight after taking into consideration the effect of method to mitigate credit risk.

**Securitization Exposure as Investor (for Calculation of Credit Risk-weighted Assets)**

**(E) Information of Securitization Exposure Retained or Purchased**

—Exposure by Type of Underlying Asset—

(Billions of yen)

		As of March 31, 2017							
		Credit cards	Residential mortgage loans	Auto loans	Lease payment receivables	Corporate	Real estate	Others	Total
<b>On-balance sheet</b>		<b>¥145.0</b>	<b>¥818.9</b>	<b>¥725.6</b>	<b>¥333.5</b>	<b>¥425.4</b>	<b>¥6.5</b>	<b>¥195.3</b>	<b>¥2,650.4</b>
Exposure on securitizations		-	0.0	-	-	-	-	-	0.0
<b>Off-balance sheet</b>		<b>32.0</b>	<b>-</b>	<b>97.2</b>	<b>130.1</b>	<b>161.6</b>	<b>0.1</b>	<b>2.3</b>	<b>423.6</b>
Exposure on securitizations		-	-	-	-	-	-	-	-
<b>Total</b>		<b>¥177.1</b>	<b>¥818.9</b>	<b>¥822.8</b>	<b>¥463.7</b>	<b>¥587.1</b>	<b>¥6.6</b>	<b>¥197.6</b>	<b>¥3,074.1</b>
Exposure on securitizations		-	0.0	-	-	-	-	-	0.0
Exposure on securitizations to which a risk weight of 1,250% is applied		-	0.0	-	-	-	0.2	-	0.2
Exposure whose underlying assets are overseas assets		161.3	0.0	819.9	462.8	587.1	0.1	163.3	2,194.8

Notes: 1. Classification based on type of underlying assets is conducted according to the principal underlying asset type for each transaction. Transactions that are difficult to classify are included under "Others."

2. "Credit cards" include shopping credit receivables, card loans, etc.

3. The classification of transactions of which the underlying assets are overseas assets is conducted according to the principal underlying assets of each transaction.

4. "Exposure on securitizations" as of March 31, 2017 is classified following Article 1, Paragraph 2-2 of the FSA Notice No. 20 (hereinafter the same).

—Exposure by Risk Weight Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on securitizations	Off-balance sheet	Exposure on securitizations	Total	Exposure on securitizations
Risk weight	Up to 20%	¥2,593.7	¥0.0	¥421.1	¥-	¥3,014.9	¥0.0
	Up to 50%	44.8	-	-	-	44.8	-
	Up to 100%	8.3	-	1.7	-	10.1	-
	Up to 250%	-	-	-	-	-	-
	Up to 650%	3.3	-	0.5	-	3.9	-
	Less than 1,250%	-	-	-	-	-	-
	1,250%	0.0	-	0.1	-	0.2	-
<b>Total</b>		<b>¥2,650.4</b>	<b>¥0.0</b>	<b>¥423.6</b>	<b>¥-</b>	<b>¥3,074.1</b>	<b>¥0.0</b>

—Amount of Required Capital by Risk Weight Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on securitizations	Off-balance sheet	Exposure on securitizations	Total	Exposure on securitizations
Risk weight	Up to 20%	¥14.9	¥0.0	¥3.3	¥-	¥18.2	¥0.0
	Up to 50%	0.9	-	-	-	0.9	-
	Up to 100%	0.6	-	0.1	-	0.8	-
	Up to 250%	-	-	-	-	-	-
	Up to 650%	0.9	-	0.1	-	1.1	-
	Less than 1,250%	-	-	-	-	-	-
	1,250%	0.0	-	0.1	-	0.2	-
<b>Total</b>		<b>¥17.5</b>	<b>¥0.0</b>	<b>¥3.7</b>	<b>¥-</b>	<b>¥21.3</b>	<b>¥0.0</b>

—Credit Risk Mitigation against Exposure on Resecuritizations—

(Billions of yen)

		As of March 31, 2017	
Risk weight	Up to 20%		¥-
	Up to 50%		-
	Up to 100%		-
	Up to 250%		-
	Up to 650%		-
	Over 650%		-
<b>Total</b>			<b>¥-</b>

Note: The above table shows the exposure on securitizations based on the risk weight after taking into consideration the effect of method to mitigate credit risk.

**Securitization Exposure as Originator (for Calculation of Market Risk Equivalent Amounts)**

**(F) Information by Type of Underlying Assets**

None as of March 31, 2017

**(G) Information of Securitization Exposure Retained or Purchased**

None as of March 31, 2017

**Securitization Exposure as Sponsor of Securitization Programs (ABCP/ABL) (for Calculation of Market Risk Equivalent Amounts)**

**(H) Information by Type of Underlying Assets**

None as of March 31, 2017

**(I) Information of Securitization Exposure Retained or Purchased**

None as of March 31, 2017

**Securitization Exposure as Investor (for Calculation of Market Risk Equivalent Amounts)**

**(J) Information of Securitization Exposure Retained or Purchased**

**—Exposure by Type of Underlying Asset—**

(Billions of yen)

	As of March 31, 2017							
	Credit Cards	Residential mortgage loans	Auto loans	Lease payment receivables	Corporate	Real estate	Others	Total
<b>On-balance sheet</b>	<b>¥0.0</b>	<b>¥3.7</b>	<b>¥13.8</b>	<b>¥0.6</b>	<b>¥0.0</b>	<b>¥3.0</b>	<b>¥7.0</b>	<b>¥28.4</b>
Exposure on resecuritizations	-	-	-	-	-	-	0.0	0.0
<b>Off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Exposure on resecuritizations	-	-	-	-	-	-	-	-
<b>Total</b>	<b>¥0.0</b>	<b>¥3.7</b>	<b>¥13.8</b>	<b>¥0.6</b>	<b>¥0.0</b>	<b>¥3.0</b>	<b>¥7.0</b>	<b>¥28.4</b>
Exposure on resecuritizations	-	-	-	-	-	-	0.0	0.0
Exposure on securitizations to which a risk weight of 100% is applied	-	3.6	0.4	-	0.0	-	0.3	4.4
Exposure whose underlying assets are overseas assets	-	3.5	13.8	0.6	0.0	3.0	7.0	28.2

Notes: 1. Classification based on type of underlying assets is conducted according to the principal underlying asset type for each transaction. Transactions that are difficult to classify are included under "Others."

2. "Credit cards" include shopping credit receivables, card loans, etc.

3. The classification of transactions of which the underlying assets are overseas assets is conducted according to the principal underlying assets of each transaction.

4. "Exposure on resecuritizations" are classified following Article 1, Paragraph 2-2 of the FSA Notice No. 20 (hereinafter the same).

—Exposure by Risk Capital Charge Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on securitizations	Off-balance sheet	Exposure on securitizations	Total	Exposure on securitizations
Risk capital charge	Up to 1.6%	¥20.5	¥-	¥-	¥-	¥20.5	¥-
	Up to 4%	-	-	-	-	-	-
	Up to 8%	2.4	-	-	-	2.4	-
	Up to 20%	-	-	-	-	-	-
	Up to 52%	1.0	-	-	-	1.0	-
	Less than 100%	-	-	-	-	-	-
	100%	4.4	0.0	-	-	4.4	0.0
<b>Total</b>		<b>¥28.4</b>	<b>¥0.0</b>	<b>¥-</b>	<b>¥-</b>	<b>¥28.4</b>	<b>¥0.0</b>

—Amount of Required Capital by Risk Capital Charge Category—

(Billions of yen)

		As of March 31, 2017					
		On-balance sheet	Exposure on securitizations	Off-balance sheet	Exposure on securitizations	Total	Exposure on securitizations
Risk capital charge	Up to 1.6%	¥0.3	¥-	¥-	¥-	¥0.3	¥-
	Up to 4%	-	-	-	-	-	-
	Up to 8%	0.1	-	-	-	0.1	-
	Up to 20%	-	-	-	-	-	-
	Up to 52%	0.2	-	-	-	0.2	-
	Less than 100%	-	-	-	-	-	-
	100%	4.4	0.0	-	-	4.4	0.0
<b>Total</b>		<b>¥5.2</b>	<b>¥0.0</b>	<b>¥-</b>	<b>¥-</b>	<b>¥5.2</b>	<b>¥0.0</b>

—Subject to Comprehensive Risk Measure—

(Billions of yen)

	As of March 31, 2017	
	Securitization	Resecuritiation
Total amount of securitization exposure	¥-	¥-
Total amount of required capital	¥-	¥-

□ **Market Risk**

**(A) Market risk (VAR) and stressed VAR associated with trading activities for the fiscal year as of March 31, 2017.**

The following table shows VAR (Value At Risk) figures of our trading activities:

(Billions of yen)	
For the fiscal year ended March 31, 2017	
End of period	¥1.9
Maximum	4.8
Minimum	1.7
Average	2.7
The number of cases where assumptive losses exceeded VAR during the period	0

Notes: 1. Amount of market risk (VAR) is calculated based on the internal model.

2. The multiplication factor for the calculation of market risk equivalent is determined by the number of cases where assumptive losses exceeded VAR before 250 business days prior to the end of period.

3. Our group companies which conduct trading activities are Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities, etc.

**VAR method:**

- VAR: historical simulation method;  
 Quantitative standard: 1. confidence interval: one-tailed 99.0%;  
 2. holding period: 1 day; and  
 3. historical observation period of three years (801 business days)

The following table shows stressed VAR figures of our trading activities:

(Billions of yen)	
For the fiscal year ended March 31, 2017	
End of period	¥5.3
Maximum	8.9
Minimum	2.8
Average	5.2

**Stressed VAR method:**

- Stressed VAR: historical simulation method;  
 Quantitative standard: 1. confidence interval: one-tailed 99.0%;  
 2. holding period: 1 day; and  
 3. historical observation period of one year of significant financial stress (265 business days)

**Stressed VAR**

The stressed VAR measurement is based on a continuous 12-month period of significant financial stress.

**(B) Outlier criteria**

The following table shows results of calculations under the outlier framework based on previous outlier criteria:

(Billions of yen)			
	Amount of loss	Broadly-defined capital	Loss ratio to capital
As of March 31, 2017	¥361.2	¥10,050.9	3.5%

**Interest rate shock scenario under stress conditions in outlier criteria**

For the interest rate shock scenario used in connection with the calculations under the outlier framework, we generate annual rate fluctuation data for five years derived from daily raw historical interest rate data of the past six years and then apply the actual fluctuation data at a 99.0% confidence level to the shock scenario.

□ **Equity Exposures in Banking Book**

**(6) Status of Equity Exposures in Banking Book**

**(A) Amounts Stated in Consolidated Balance Sheet**

(Billions of yen)

	As of March 31, 2017	
	Consolidated balance sheet amount	Fair value
Exposure of listed stock, etc.	¥3,857.0	¥4,031.5
Other equity exposure	400.3	/
<b>Total</b>	<b>¥4,257.4</b>	<b>/</b>

Note: The above figures include only Japanese and foreign stocks.

**(B) Gains and Losses on Sales Related to Equity Exposure**

(Billions of yen)

	For the Fiscal year ended March 31, 2017		
	Gains and losses on sales	Gains on sales	Losses on sales
			¥295.8
<b>Sale of equity exposure</b>	<b>¥261.1</b>	<b>¥295.8</b>	<b>¥34.7</b>

Note: The above figures represent gains and losses on sales of stocks in our consolidated statement of income.

**(C) Gains and Losses from Write-offs Related to Equity Exposure**

(Billions of yen)

	For the Fiscal year ended March 31, 2017	
	Gains and losses from write-offs	
<b>Write-offs of equity exposure</b>	<b>¥(4.8)</b>	

Note: The above figures represent gains and losses on devaluation of stocks in our consolidated statement of income.

**(D) Unrealized Gains and Losses Recognized in the Consolidated Balance Sheet and not Recognized in the Consolidated Statement of Income**

(Billions of yen)

	As of March 31, 2017		
	Net unrealized gains	Unrealized gains	Unrealized losses
			¥2,017.1
<b>Equity exposure</b>	<b>¥1,971.2</b>	<b>¥2,017.1</b>	<b>¥45.9</b>

Note: The above figures include only Japanese and foreign stocks.

**(E) Unrealized Gains and Losses not Recognized in the Consolidated Balance Sheet or in the Consolidated Statement of Income**

(Billions of yen)

	As of March 31, 2017		
	Net	Unrealized gains	Unrealized losses
			¥182.8
<b>Equity exposure</b>	<b>¥174.5</b>	<b>¥182.8</b>	<b>¥8.3</b>

Note: The above figures include only Japanese and foreign stocks.

**(F) Equities Exposure by Portfolio Classification**

(Billions of yen)

As of March 31, 2017	
PD/LGD approach	¥4,180.1
Market-based approach (simple risk weight method)	793.1
Market-based approach (internal models approach)	-
<b>Total</b>	<b>¥4,973.3</b>

## ■ Liquidity Coverage Ratio

The information disclosed herein is in accordance with "Matters Separately Prescribed by the Commissioner of the Financial Services Agency Regarding Status of Sound Management of Liquidity Risk", etc. pursuant to Article 19-2, Paragraph 1, Item 5, Sub-item (e), etc. of the Ordinance for Enforcement of the Banking Law (the FSA Notice No. 7 of 2015).

(In million yen, the number of data)

Item		For the three months ended March 31, 2018		For the three months ended December 31, 2017	
High-Quality Liquid Assets	(1)	/		/	
1	Total high-quality liquid assets (HQLA)	¥60,159,630		¥63,459,113	
Cash Outflows	(2)	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	46,184,608	3,682,339	45,597,491	3,638,206
3	of which, Stable deposits	13,410,643	402,319	13,200,574	396,017
4	of which, Less stable deposits	32,773,964	3,280,020	32,396,917	3,242,188
5	Cash outflows related to unsecured wholesale funding	77,563,913	49,329,388	78,558,012	49,864,317
6	of which, Qualifying operational deposits	0	0	0	0
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	71,364,662	43,130,137	73,002,116	44,308,421
8	of which, Debt securities	6,199,250	6,199,250	5,555,895	5,555,895
9	Cash outflows related to secured funding, etc	/	1,068,454	/	1,129,409
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	24,249,235	7,064,688	24,764,396	7,077,369
11	of which, Cash outflows related to derivatives transactions, etc	2,315,235	2,315,235	2,368,843	2,368,843
12	of which, Cash outflows related to funding programs	21,922	21,922	23,706	23,706
13	of which, Cash outflows related to credit and liquidity facilities	21,912,077	4,727,530	22,371,846	4,684,819
14	Cash outflows, etc. related to contractual funding obligations	7,040,197	2,333,910	6,562,416	1,936,205
15	Cash outflows related to contingencies	77,792,015	696,424	78,261,200	695,462
16	Total cash outflows	/	64,175,205	/	64,340,971
Cash Inflows	(3)	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending and investments, etc.	10,554,062	836,532	10,283,301	737,035
18	Cash inflows related to collections of loans, etc	14,863,687	11,012,718	14,205,103	10,755,503
19	Other cash inflows	7,515,036	2,246,878	7,092,196	2,040,250
20	Total cash inflows	32,932,786	14,096,129	31,580,601	13,532,789
Consolidated liquidity coverage ratio	(4)	/		/	
21	Total HQLA allowed to be included in the calculation	/	¥60,159,630	/	¥63,459,113
22	Net cash outflows	/	50,079,075	/	50,808,181
23	Consolidated liquidity coverage ratio	/	120.1%	/	124.8%
24	The number of data used to calculate the average value	59		62	

Notes: 1. Item from 1 to 23 are quarterly average using data points as shown in item 24. From the fourth quarter of the fiscal year ended March 31, 2017, the average daily value is disclosed.

2. We do not apply the "exception regarding qualifying operational deposits" in Article 28 of the Notice No. 62 with respect to item 6.

3. The numbers in item 11 include the amount of additional collateral required due to market valuation changes on derivatives transactions estimated by the "historical look-back approach" instead of "scenario approach" in Article 37 of the Notice No. 62.

4. There are no material components that necessitate detailed explanation of "cash outflows from other contracts" in Article 59 of the Notice No. 62 within item 14, "cash outflows from other contingent funding obligations" in Article 52 of the Notice No. 62 within item 15, "cash inflows from other contracts" in Article 72 of the Notice No. 62 within item 19.

5. Monthly data or quarterly data is used for some of the data, etc., concerning our consolidated subsidiaries.



	2016			2017				2018
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Consolidated LCR (quarterly average)	135.1%	137.4%	135.3%	129.4%	129.7%	126.1%	124.8%	120.1%

Our Consolidated LCR surpasses the final regulatory standard (100%) and remains stable, with no change affecting funding conditions.

LCR disclosed herein does not differ much from the level we expected beforehand, and we do not expect our Consolidated LCR in the future to deviate significantly from the current level.

There are no significant changes in the composition, such as currency composition or type composition, and geographic distribution of the HQLA allowed to be included in the calculation.

In addition, there is no significant currency mismatch which might affect our funding conditions between total amount of the HQLA allowed to be included in the calculation and net cash outflow regarding significant currencies.

■ **Status of Major Liquid Assets**

(Billions of yen)

Item	As of March 31, 2018	As of March 31, 2017
Cash and Due from Banks (including Due from Central Banks)	¥47,725.3	¥47,129.5
Trading Securities	5,188.4	4,800.4
Securities	33,618.9	31,761.8
Bonds Held to Maturity	2,515.8	3,815.6
Other Securities	31,103.1	27,946.2
Japanese Stocks	3,582.2	3,542.0
Japanese Bonds	16,535.6	13,245.1
Japanese Government Bonds	13,332.0	10,264.3
Japanese Local Government Bonds	239.3	284.4
Japanese Corporate Bonds	2,964.1	2,696.3
Other	10,985.2	11,159.0
Foreign Bonds	8,329.1	8,955.4
Other	2,656.1	2,203.5
<b>Total</b>	<b>86,532.7</b>	<b>83,691.8</b>
Portion pledged as collateral	(11,660.9)	(14,398.5)
<b>Total after the deduction above</b>	<b>¥74,871.7</b>	<b>¥69,293.3</b>

Notes: 1. All securities included in the above table have fair value.

2. Portion pledged as collateral mainly consists of securities and others collateralized for borrowed money, foreign and domestic exchange transactions or derivatives transactions, or substituted for margins for futures transactions.

3. Figures in the above table do not represent high quality liquid assets under the Basel III regulatory regime.

■ **Status of Major Funding**

(Billions of yen)

Types of Financial Instruments	As of March 31, 2018					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits	¥121,278.4	¥2,974.1	¥691.7	¥86.9	¥41.3	¥8.5
Negotiable Certificates of Deposit	11,021.7	357.7	4.0	-	-	-
Call Money and Bills Sold	2,105.2	-	-	-	-	-
Borrowed Money	2,221.5	1,541.5	309.4	260.2	303.8	259.5
Commercial Paper	362.1	-	-	-	-	-
Issued Bonds	740.9	1,145.7	1,883.4	626.6	1,375.9	532.9
Due to Trust Account	4,733.1	-	-	-	-	-
<b>Total</b>	<b>¥142,463.2</b>	<b>¥6,019.2</b>	<b>¥2,888.7</b>	<b>¥973.9</b>	<b>¥1,721.0</b>	<b>¥801.0</b>

(Billions of yen)

Types of Financial Instruments	As of March 31, 2017					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits	¥115,871.8	¥3,334.2	¥696.7	¥73.1	¥60.5	¥9.0
Negotiable Certificates of Deposit	10,421.6	150.6	60.1	-	-	-
Call Money and Bills Sold	1,255.2	-	-	-	-	-
Borrowed Money	604.6	3,095.1	1,542.0	338.6	377.8	305.0
Commercial Paper	226.3	-	-	-	-	-
Issued Bonds	1,414.8	1,486.1	1,331.4	564.0	1,401.0	588.9
Due to Trust Account	4,784.1	-	-	-	-	-
<b>Total</b>	<b>¥134,578.5</b>	<b>¥8,066.0</b>	<b>¥3,630.2</b>	<b>¥975.8</b>	<b>¥1,839.2</b>	<b>¥902.9</b>

Notes: 1. Regarding Deposits, Demand deposits are included in "Within 1 year"

2. Borrowed money or issued bonds with open ended, 44.0 billion, 779.0 billion, respectively, at March 31, 2017, and 0.0 billion, 1,239.0 billion, respectively, at March 31, 2018, are excluded.

## ■ Compensation of Directors, Corporate Auditors and Employees

### (1) Qualitative Disclosure

#### (A) State of the Organizational System Relating to Compensation of "Subject Directors, Corporate Auditors and Employees" of Mizuho Group

##### 1. Scope of "Subject directors, corporate auditors and employees"

"Subject directors, etc." and "Subject employees, etc." subject to disclosure as provided for in the FSA Notice (collectively, "Subject directors, corporate auditors and employees") are as follows:

###### (1) Scope of "Subject directors, etc."

"Subject directors, etc." are directors and executive officers as defined in the Companies Act of Mizuho Financial Group, Inc. ("MHFG"). Outside directors auditors are excluded.

###### (2) Scope of "Subject employees, etc."

"Subject employees, etc." who are subject to disclosure are executive officers (as defined in our internal regulations), specialist officers and employees of MHFG and directors, corporate auditors and employees of its "Major consolidated subsidiaries", who are "persons who receive large amounts of compensation" and "materially affect the operation of business or the state of assets of Mizuho group or its major consolidated subsidiaries."

###### (a) Scope of "Major consolidated subsidiaries"

A "Major consolidated subsidiary" is a consolidated subsidiary, etc., (i) whose total assets as a percentage of consolidated total assets exceeds 2% of a bank holding company or bank and (ii) who materially affects the management of our group. Specifically, those are Mizuho Bank, Ltd. ("MHBK"), Mizuho Bank (USA) and other subsidiaries who conduct banking business similar to a branch of MHBK, Mizuho Trust & Banking Co., Ltd. ("MHTB"), Mizuho Securities Co., Ltd. ("MHSC"), Trust & Custody Services Bank, Ltd., Mizuho Securities USA Inc. and Mizuho International Plc.

###### (b) Scope of "Persons who receive large amounts of compensation"

A "Person who receives large amounts of compensation" refers to a person who receives compensation that exceeds the base amount from MHFG or its "Major consolidated subsidiaries." The base amount at MHFG has been set at ¥50 million. Such base amount has been set based on the average amounts of the compensation of directors, executive officers (as defined in the Companies Act) and corporate auditors of MHFG, MHBK and MHTB for the last three fiscal years (excluding persons who resigned or retired during each of such fiscal years), taking into account fluctuations in amounts of compensation over past fiscal years. The preceding base amount has been adopted as the common base in order to unify the selection criteria of persons who receive large amounts of compensation at each of the companies in this paragraph.

###### (c) Scope of "Persons who materially affect the operation of business or the state of assets of Mizuho group"

A "Person who materially affects the operation of business or the state of assets of Mizuho group" means a person who exerts significant influence on the operation of the business of MHFG or a "Major consolidated subsidiary" through his or her work in conducting transactions or management, or who materially affects the state of assets by incurring losses on transactions. Specifically, it includes executive officers (as defined in our internal regulations) and specialist officers of MHFG and directors, corporate auditors, executive officers (as defined in our internal regulations), specialist officers and market department employees of "Major consolidated subsidiaries."

##### 2. Decisions on compensation of "Subject directors, corporate auditors and employees" and the name, composition and duties of the committee to supervise business execution and other major organizations relating to payment of compensation and other compensation, etc.

###### (1) State of maintaining and ensuring the Compensation Committee, etc.

MHFG is a Company with Three Committees, and has established the Compensation Committee as a statutory committee.

The chairman of the statutory Compensation Committee shall be an outside director, and in principle its members shall be appointed from among the outside directors (or at least non-executive directors) in order to ensure objectivity and transparency in director and executive officer compensation. As of March 2018, all four members of the Compensation Committee, including the chairman, were outside directors. The Compensation Committee shall determine the basic policy and compensation system for directors and executive officers of MHFG, MHBK, MHTB and MHSC, determine the compensation for each individual director and executive officer (as defined in the Companies Act) of MHFG, and exercise approval rights in MHFG for compensation for each individual director of MHBK, MHTB and MHSC.

In addition, the president of each of MHBK, MHTB and MHSC determines the amount of compensation for each of its executive officers and specialist officers.

**Compensation of Directors, Corporate Auditors and Employees**

(2) Decisions on compensation of "Subject employees, etc."

Matters relating to executive officers (as defined in our internal regulations) and specialist officers of MHFG and directors, executive officers (as defined in our internal regulations) and specialist officers of MHBK, MHTB and MHSC are as set out in (1) *State of maintaining and ensuring the Compensation Committee, etc.*. With regard to the compensation of directors of MHBK, MHTB and MHSC, it is determined through approval by the Compensation Committee, pursuant to each statutory procedure for directors who are Audit & Supervisory Committee Members and for directors who are not Audit & Supervisory Committee Members, and set within the scope of the total amount of compensation of directors resolved at the ordinary general meeting of shareholders.

With regard to the compensation of corporate auditors of MHBK, MHTB and MHSC, it is determined pursuant to consultation among corporate auditors, including outside corporate auditors, and set within the scope of the total amount of compensation of corporate auditors resolved at the ordinary general meeting of shareholders. The compensation of subject employees, etc., is decided and paid in accordance with the salary and bonus system established by MHFG and the "Major consolidated subsidiaries." Such system is designed and put into writing by the human resources departments of MHFG and the "Major consolidated subsidiaries" which are independent of departments furthering business. In terms of the compensation of overseas employees, each overseas office or operation determines its own compensation policy based on local laws and regulations as well as employment relationships.

3. Total amount of compensation paid to members of the compensation committee and number of meetings held by the Compensation Committee

	Number of meetings held (April 2017 – March 2018)
Compensation Committee (MHFG)	9

Note: The total amount of compensation is not set out above as it is not possible to separately calculate the amounts that are paid as consideration for the execution of duties by the compensation committee.

**(B) Evaluating the Appropriateness of the Design and Operation of the System Relating to Compensation of "Subject Directors, Corporate Auditors and Employees" of Mizuho Group**

1. Policies relating to compensation

(1) Policies relating to compensation of "Subject directors, etc. "

MHFG set out the "Mizuho Financial Group Compensation Policy" concerning the determination of compensation for each individual director, executive officer and specialist officer ("Officers, etc.") of MHFG as well as MHBK, MHTB and MHSC (the "Three Core Companies").

a. Philosophy and objectives

Executive compensation for MHFG and the Three Core Companies pursuant to such policy is determined based on appropriate governance and control, and aims to function as incentive and compensation for each Officer, etc., to exercise their designated function to the fullest in our efforts to realize management that contributes to value creation for various stakeholders and improve corporate value through continuous and stable corporate growth based on our basic management policies under our Corporate Identity.

b. Basic Policy

The basic policy with respect to the determination concerning the individual compensation of Officers, etc., of MHFG and the Three Core Companies is set forth below:

- (i) The executive compensation shall be determined based on appropriate governance and control, and function as an appropriate incentive in order to realize management that contributes to value creation for various stakeholders and improve corporate value through continuous and stable corporate growth based on our basic management policies under our Corporate Philosophy.
- (ii) The executive compensation shall be based on the function and responsibility assigned to and the performance of each Officer, etc.
- (iii) The executive compensation shall contribute to suppressing excessive risk-taking, improving corporate value and creating value for various stakeholders not only in the short-term, but also over the medium- to long-term.
- (iv) The executive compensation shall reflect the management environment and business performance of our group.
- (v) The executive compensation shall enable compensation for securing expert personnel such as professionals with a competitive edge in the market.

- (vi) The compensation system and standards shall be timely and appropriately reevaluated and set at a competitive and appropriate standard based on such factors as the economic and social conditions and survey data with respect to management compensation provided by external specialized organizations.
- (vii) Regulations and guidelines, etc., concerning executive compensation, both in Japan and overseas, shall be complied with.

c. Compensation System

I. Compensation for Officers, etc., shall, in principle, consist of a “Basic Salary,” “Performance Payment” and “Stock Compensation.”

- (i) “Basic Salaries” shall factor in the function and responsibility of each Officer, etc., in addition to the standard amount for each position and payment will be made monthly in cash.
- (ii) “Performance Payments” shall be made as a monetary incentive for Officers, etc., to achieve the annual budget and as compensation for their achievement. The payment thereof shall reflect our company-wide results of operations, the results of organizations (our in-house companies and units, etc.) that each Officer, etc., is in charge of and the performance of each Officer, etc., in addition to the standard amount for each position. A system shall be adopted which, based on resolution by the Compensation Committee, etc., enables certain amount of deferred payments of the performance payments over three years, as well as a decrease or forfeiture of the deferred amount depending on performance, etc., of the company or the individual.
- (iii) “Stock Compensation” shall be paid in the form of shares of common stock of MHFG consisting of “Stock Compensation I” and “Stock Compensation II,” (together “Stock Compensation I and II”) acquired from the stock market through a trust with an aim to align the interests of Officers, etc., with those of the shareholders and increase the incentive to enhance corporate value.
  - (a) “Stock Compensation I” shall be paid at the time of retirement of each Officer, etc., in the form of shares of common stock of MHFG calculated based on each position. A system shall be adopted which enables a decrease or forfeiture of the amount by resolution of the Compensation Committee, etc., depending on performance of the company or the individual.
  - (b) “Stock Compensation II” shall be paid in accordance with our company-wide results of operations, the results of organizations (our in-house companies and units, etc.) that each Officer, etc., is in charge of and the performance of each Officer, etc., in addition to the standard amount for each position. A system shall be adopted which enables the entire amount of deferred payments over three years, as well as a decrease or forfeiture of the deferred amount by resolution of the Compensation Committee, etc., depending on performance of the company or the individual.

II. Within the Officers, etc., the compensation system for the executive officers as defined in the Companies Act, the directors, the executive officers as defined in our internal regulations and the specialist officers responsible for business execution (the “Officers Responsible for Business Execution”) shall be separate from the compensation system for the directors responsible for management supervision (“Non-Executive Officers Responsible for Management Supervision”).

- (i) The basic compensation system for “Officers Responsible for Business Execution” shall be a “Basic Salary,” “Performance Payment” and “Stock Compensation I and II.”
    - (a) The composition of the compensation shall, in principle, be 50%, 17.5% and 32.5% for “Basic Salary,” “Performance Payment” and “Stock Compensation I and II” respectively.
    - (b) “The upper limit of “Performance Payment” and “Stock Compensation II” shall be decided\* in accordance with the our annual results of operations taking into account the traits of business activities of MHFG as a Financial Services Group. The payment to each officer shall reflect the performance of each officer and the results of organizations (our in-house companies and units, etc.) that each Officer, etc., is in charge of, and be, in principle, within the range of 0% to 150% of the standard amount for each position.
- \* The amount of funds for “Performance Payment” and “Stock Compensation II” is decided for each fiscal year by multiplying the standard amount for each position in a respective year with the total number of officers in that year and a coefficient based on the result from the fiscal year’s results of operations. The evaluation metric for this coefficient is decided by setting metrics based on our Consolidated Gross Profits, and using such evaluation metrics for the reference year and the current fiscal year (provided that, for Mizuho Securities Co., Ltd., the system is linked to Ordinary Profits, which is a metric that is equivalent to Consolidated Gross Profits based on the traits of business activities and financial structure of securities companies).
- (ii) The compensation for Non-Executive Officers Responsible for Management Supervision, in principle, shall be in the form of fixed compensation from the perspective of ensuring the effectiveness of the supervisory function. The compensation system shall consist of “Basic Salaries” and “Stock Compensation” and the composition shall, in principle, be 85% and 15% for “Basic Salaries” and “Stock Compensation,” respectively.

**Compensation of Directors, Corporate Auditors and Employees**

III. There are cases where compensation for some personnel, including those officers recruited locally in countries other than Japan, may be designed individually in compliance with local compensation regulations while taking into consideration local compensation practices and the responsibilities, business characteristics and market value, etc., of each respective officer.

For cases where compensation is designed individually, payment of compensation is also made in accordance with the performance of the company or the individual. Payment of compensation is designed to avoid excessive risk-taking through a system which enables certain amount or a portion of deferred payments and non-monetary payments such as stock, as well as a decrease or forfeiture of the deferred amount depending on the performance, etc., of the company or the individual.

d. Compensation Determination Process

I. The Compensation Committee shall determine the determination policy of executive compensation for MHFG and the Three Core Companies and the executive compensation system including the compensation system set out in "Compensation System" in order to effectively secure the transparency and objectivity of compensation, etc., for individual Officers, etc. In addition, the Compensation Committee shall determine the compensation for each individual director and executive officer, as defined in the Companies Act, of MHFG and approve at MHFG the compensation of each individual director of the Three Core Companies.

II. The President & CEO, pursuant to this policy and regulations and detailed rules, etc., shall determine the compensation for each executive officer, as defined in our internal regulations, and specialist officer of MHFG and approve at the MHFG the compensation of each individual executive officer and specialist officer of the Three Core Companies.

III. The Compensation Committee will verify the validity of the compensation system and standards based on economic and social conditions and survey data with respect to management compensation provided by external specialized organizations.

IV. All members of the Compensation Committee shall be appointed from among outside directors (or at least non-executive directors) and the Chairman thereof shall be an outside director.

V. The Compensation Committee may have officers who are not members of the committee (including officers of the Three Core Companies) such as the President & CEO and external experts, etc., attend its meetings and provide their opinion in order to facilitate adequate and appropriate discussions and determinations.

(2) Policies relating to compensation of "Subject employees, etc."

The policies relating to compensation for executive officers (as defined in our internal regulations) and specialist officers of MHFG and directors, executive officers (as defined in our internal regulations) and specialist officers of MHBK, MHTB and MHSC are also the same as the policies described in (1) *Policies relating to compensation of "Subject directors, etc."* above. The compensation of corporate auditors is determined pursuant to consultation among corporate auditors, including outside corporate auditors, and set within the scope of the total amount of compensation of corporate auditors resolved at the ordinary general meeting of shareholders. Compensation for other employees, etc., is determined in accordance with their duties and responsibilities. Some bonuses that are linked to performance are determined after comprehensively evaluating the employee's contribution to business, including any qualitative contributions to the organization, in a manner that does not place an excessive emphasis on results.

2. The effect of the overall level of compensation, etc., on equity capital

The Compensation Committee of MHFG receives reports on the amount of compensation paid to directors, executive officers (as defined in the Companies Act), executive officers (as defined in our internal regulations) and specialist officers of MHFG, MHBK, MHTB and MHSC in the previous fiscal year and confirms that there is no material effect on the Mizuho group's performance or the adequacy of equity capital.

**(C) Compatibility between System for Compensation of "Subject Directors, Corporate Auditors and Employees" of Mizuho Group and Risk Management and Matters Relating to Linking Compensation with Performance**

1. Compatibility between system for compensation of "Subject directors, corporate auditors and employees" and risk management

The compensation of employees in risk management department, compliance department and internal audit department is decided in accordance with the salary and bonus system, and specific payment amounts are conclusively determined in accordance with employee performance evaluations made by the relevant department and the human resources department, independent from departments furthering business.

Each employee of the risk management department, the compliance department and the internal audit department sets their own objectives in the employee performance evaluations, subject to the approval of their superiors. The degree to which the objectives are achieved is evaluated by taking into account the degree of the employee's contribution to the establishment of a system for risk management, compliance and internal audit.

2. Linking compensation of "Subject directors, corporate auditors and employees" with performance

The performance payments and performance-based stock compensation for "Officers Responsible for Business Execution" are made or paid based on the standard amount set for each position, with which each officer's performance shall be reflected, and determined in accord with a performance evaluation, etc., against the annual business plan. A certain amount of the performance payments and the entire amount of the performance-based stock compensation shall be made or paid in deferred payments over three years, and a decrease or forfeiture of the deferred amount may be made depending on the performance, etc., of the company and such officer. It should be noted that certain "Subject directors, corporate auditors and employees" have entered into compensation-related contracts. Stock compensation for "Non-Executive Officers Responsible for Management Supervision" shall be made in accordance with the standard amount set for each position, and the payment level shall not change based on the performance of each officer. The entire amount of the stock compensation shall be paid in deferred payments over three years, and a decrease or forfeiture of the deferred amount may be made depending on the performance, etc., of the company.

(2) Quantitative Disclosure Items

(A) REM1 : Compensation Assigned to the Relevant Fiscal Year

(Millions of yen, except people)

No.		a	b
		"Subject directors, etc."	"Subject employees, etc."
1		22	378
2		¥976	¥13,530
3	Fixed compensation	Cash compensation amount	12,381
4		Of which, deferred amount	-
5		Stock compensation amount or stock-based type compensation amount	16
6		Of which, deferred amount	16
7		Other compensation amount	1,132
8		Of which, deferred amount	-
9		20	375
10		¥490	¥14,962
11	Variable compensation	Cash compensation amount	13,638
12		Of which, deferred amount	4,031
13		Stock compensation amount or stock-based type compensation amount	1,307
14		Of which, deferred amount	995
15		Other compensation amount	17
16		Of which, deferred amount	-
17	Retirement benefits	-	2
18		Retirement benefits amount	¥8
19		-	-
20	Other compensation	-	171
21		Other compensation amount	¥897
22		Of which, deferred amount	-
23	<b>Comensation amount (2+10+18+21)</b>	<b>¥1,467</b>	<b>¥29,399</b>

- Notes: 1. Amounts of compensation of "Subject directors, etc." include amounts of compensation received for duties performed as a director or executive officer of a "Major consolidated subsidiary."
2. The number of employees is the actual number of persons (a) for the compensation for the fiscal year ended March 31, 2018 and (b) for the compensation for the fiscal year ended March 31, 2017 for the payments made or anticipated payments for which the amount became clear during the fiscal year ended March 31, 2018 are stated.
3. The stated amount is the total amount for the fiscal year ended March 31, 2018 and the fiscal year ended March 31, 2017.
4. No. 7, "Fixed compensation," "Other compensation amount," includes condolence money insurance premiums and Group life insurance premium subsidies, both based on the decision of our Compensation Committee.
5. No. 11, "Variable compensation" "Cash compensation amount," includes the recorded performance payment for the fiscal year ended March 31, 2017 for directors, executive officers (as defined in the Companies Act), executive officers (as defined in our internal regulations) and specialist officers of MHFG, MHBK, MHTB and MHSC. For portions that exceed a certain amount, we plan to defer payment over the three-year period from the fiscal year ending March 31, 2019.
6. No. 13, "Variable compensation" "Stock compensation amount or stock-based type compensation amount" includes the amount obtained by multiplying the stock compensation and performance-based stock compensation ownership points (with one point to be converted into one share of MHFG stock) granted to the directors, executive officers (as defined in the Companies Act), executive officers (as defined in our internal regulations) and specialist officers of MHFG, MHBK, MHTB and MHSC for the fiscal year ended March 31, 2017 by the book value of MHFG's shares (196.9447 yen per share). For stock compensation and performance-based stock compensation for the fiscal year ended March 31, 2017, we plan to defer payment over the three-year period from the fiscal year ending March 31, 2019.
7. Because the amounts of the stock compensation, performance payment and performance-based-type stock compensation for the directors, executive officers (as defined in the Companies Act), executive officers (as defined in our internal regulations) and specialist officers of MHFG, MHBK, MHTB and MHSC for the fiscal year ended March 31, 2017 have not been determined at this time, they are not included in the above compensation. However, we have recorded the required reserves for accounting purposes.
8. The exercise periods for the stock compensation-type stock options (stock acquisition rights) are as set out below. Under the stock option agreements, exercise of the options is postponed, even during the exercise period, until the time of retirement of the director or employee.  
 [The exercise periods for stock options have been omitted from the table]



**(B) REM2 : Special Compensation**

(Millions of yen, except people)

	a	b	c	d	e	f
	Bonus guarantees		Lump sum payments at the time of recruitment		Additional retirement benefits	
	People	JPY	Peopl	JPY	Peopl	JPY
“Subject directors, etc.”	-	-	-	-	-	-
“Subject employees, etc.”	1	¥127	3	¥36	19	¥813

**(C) REM3 : Deferred Compensation**

(Millions of yen)

	a	b	c	d	e	
	Deferred compensation amount	Of which, the deferred compensation amount subject to adjustment or variation	Regarding compensation after allocation, variable amounts adjusted but not linked to variations for the relevant fiscal year	Regarding compensation after allocation, variable amounts adjusted and linked to variations for the relevant fiscal year	Amount of deferred compensation paid in the relevant fiscal year	
“Subject directors, etc.”	Cash compensation amount	¥10	¥10	¥-	¥-	¥1
	Stock compensation amount or stock-based type compensation amount	773	444	-	103	162
	Other compensation amount	-	-	-	-	-
“Subject employees, etc.”	Cash compensation amount	6,745	1,938	126	-	2,697
	Stock compensation amount or stock-based type compensation amount	2,440	1,333	-	157	566
	Other compensation amount	0	-	-	-	-
<b>Total amount</b>	<b>¥9,969</b>	<b>¥3,727</b>	<b>¥126</b>	<b>¥260</b>	<b>¥3,429</b>	

**(D) Other Relevant Matters Relating to Our System of Compensation for "Subject Directors, Corporate Auditors and Employees" of Mizuho Group**

Not applicable, other than those covered in the above.



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# Disclosure Policy

## 1. Basic principles

We are committed to growing together with our customers in a stable and sustainable manner and bringing together our group-wide expertise to contribute to the prosperity of economies and societies throughout the world as the leading Japanese financial services group with a global presence and a broad customer base. For this reason, we place one of the highest management priorities on continuing to disclose information to our customers, shareholders, and investors both in and outside Japan in a fair, timely and appropriate manner, in order that they may form proper judgments and appraisals of the group. To achieve this aim, we observe applicable domestic and international laws and regulations as well as stock exchange rules relating to corporate disclosure, and we establish and implement appropriate Disclosure Controls and Procedures.

## 2. Disclosure Controls and Procedures

### (1) Establishment and implementation of Disclosure Controls and Procedures

Our Disclosure Controls and Procedures are established to observe applicable domestic and international laws and regulations as well as stock exchange rules and to implement fair, timely and appropriate corporate disclosure. The Disclosure Controls and Procedures are the process carried out by directors, officers and employees of Mizuho Financial Group and include Internal Controls over Financial Reporting designed to provide reasonable assurance regarding the reliability of Financial Reporting and the Preparation of Financial Statements. We have established the basic principles underlying our Disclosure Controls and Procedures as well as our internal rules related to Disclosure Controls and Procedures that govern the management framework for the entire Mizuho Financial Group including group companies, and we endeavor to establish, implement and continuously improve our Disclosure Controls and Procedures. Our Disclosure Committee is the Business Policy Committee that is responsible for discussing and coordinating matters relating to Disclosure Controls and Procedures.

### (2) Evaluation of effectiveness of Disclosure Controls and Procedures

Our Disclosure Controls and Procedures are documented, and evaluation of the overall effectiveness of our Disclosure Controls and Procedures is conducted regularly by reviewing the contents of such documentation and their implementation. In addition, evaluation of the effectiveness and appropriateness of Disclosure Controls and Procedures is conducted through internal audits.

### (3) Others

We established a "Code of Ethics for Financial Professionals" to be observed by all directors and executive officers, as well as all managers and other employees within Mizuho Financial Group who engage in financial reporting, accounting or disclosure. We have also developed the "internal control and audit hotline," a system designed for reporting questionable accounting, internal control, or auditing matters from both inside and outside Mizuho Financial Group.

## 3. Disclosure methods, other

### (1) Disclosure methods

With respect to the information which is required to be disclosed pursuant to applicable domestic and international

laws and regulations as well as stock exchange rules, we follow the defined disclosure procedures such as publishing such information in business reports (Jigyo-Hokoku), annual securities reports (Yukashoken-Hokokusho), Integrated Report (Annual Review) and other disclosure publications, as well as providing such information through the information distribution systems of domestic and international stock exchanges and through press releases. We also endeavor to disclose other information in a fair, timely and appropriate manner. When we disclose such information, we basically publish on our website the information we disclose. In addition, we endeavor to utilize the latest disclosure methods and tools to provide more fair and widespread disclosure.

### (2) Investor relations activities

Investor relations activities to market participants both in and outside Japan such as shareholders, investors and securities analysts are conducted by the President & Group CEO, Group CFO, Chief IR Officer, and executives and employees designated by them. In accordance with our basic principles described in section 1 above, and with due attention to two-way communication, we endeavor sincerely to facilitate a proper understanding of our management strategies, financial condition and other matters. In this way, we aim to earn the trust of the market and obtain an appropriate market reputation.

Beginning with the disclosure required by applicable domestic and international laws and regulations as well as stock exchange rules, we endeavor to grasp properly the types of information desired by the market and to disclose useful and appropriate information voluntarily and proactively, in accordance with the so-called Fair Disclosure Rule ("FDR"). Regarding disclosure of information we consider particularly important, we communicate such information on an ad hoc basis as and when necessary, even if a press release has already been issued, through such means as special briefing sessions.

In addition, we respect various disclosure principles including fair disclosure. Accordingly, at individual calls, private meetings or conferences hosted or attended by representatives of Mizuho Financial Group we endeavor to limit carefully our explanations to matters already disclosed and facts commonly known.

Should we happen to disclose important information such as information subject to insider trading regulations and/or undisclosed financial results that might have a significant influence on stock prices, we endeavor to take necessary action such as officially announcing the information as soon as possible, in accordance with FDR.

### (3) Correction of misconceptions in the markets

If we identify significant misconceptions regarding Mizuho Financial Group in the market due to the spread of rumors or otherwise, we endeavor to investigate their causes and correct such misconceptions promptly.

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Building the future with you



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