

## **Items Disclosed on Internet pursuant to Laws and Regulations and the Articles of Incorporation in relation to the Convocation Notice of the 19th Ordinary General Meeting of Shareholders**

### **Business Report for the 19th Fiscal Year**

- 1. The current state of Mizuho Financial Group, Inc.**
  - (7) Employees**
  - (8) Principal offices**
- 4. Matters regarding Mizuho Financial Group's shares**
- 5. Matters regarding stock acquisition rights of Mizuho Financial Group**
- 6. Matters regarding Independent Auditor**
- 7. Structure for ensuring appropriate conduct of operations**
- 8. Matters regarding specified wholly-owned subsidiary**
- 9. Other matters**

### **Notes to the consolidated financial statements and notes to the non-consolidated financial statements**

- 1. Notes to the consolidated financial statements**
- 2. Notes to the non-consolidated financial statements**

(from April 1, 2020 to March 31, 2021)

Pursuant to laws and regulations, and the provision of Article 24 of the Articles of Incorporation, the items listed above are disclosed through postings on Mizuho Financial Group's website (<https://www.mizuho-fg.com/>).

With respect to the Business Report, the item numbers are continued from the item numbers in the attachment to the Convocation Notice of the 19th Ordinary General Meeting of Shareholders.



Mizuho Financial Group

## (7) Employees

		Number of employees
March 31, 2021	Mizuho Bank, Ltd. (consolidated)	34,578
	Mizuho Trust & Banking Co., Ltd. (consolidated)	4,444
	Mizuho Securities Co., Ltd. (consolidated)	8,407
	Other	7,063
	Total	54,492

### Notes:

1. The number of employees is the number of persons employed by Mizuho Financial Group and its consolidated subsidiaries.
2. The number of employees includes locally hired staff outside Japan and does not include temporary employees.
3. The number of employees of Mizuho Financial Group is included in "Other."

### Reference:

The following sets forth information regarding the employees of Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities, as well as Mizuho Financial Group (collectively, the "Four Companies"):

	March 31, 2021
Number of employees	40,204
Average age	38 years, 10 months
Average years of employment	14 years, 9 months
Average monthly salary	JPY 499,000

### Notes:

1. The number of employees is the number of persons employed by the Four Companies.
2. The number of employees is the aggregate total of employees of the Four Companies. The average age, average years of employment and average monthly salary are the collective averages for the Four Companies.
3. The number of employees does not include temporary employees.
4. The calculations of average age, average years of employment and average monthly salary do not take into account seconded employees and locally hired staff outside Japan. Fractions are rounded down.
5. The average monthly salary is the average salary for the month of March, pre-tax, and does not include bonuses.

**(8) Principal offices**

a. Bank holding company  
Mizuho Financial Group: Head Office

b. Banking business  
Mizuho Bank

Region	Number of offices		Principal offices
	March 31, 2021	March 31, 2020	
Kanto, Koshinetsu	384	385	Head Office and other offices
Hokkaido, Tohoku	16	16	Sapporo Branch, Sendai Branch and other offices
Hokuriku, Tokai, Kinki	85	85	Osaka Branch, Nagoya Branch and other offices
Chugoku, Shikoku	16	16	Hiroshima Branch, Takamatsu Branch and other offices
Kyushu, Okinawa	13	13	Fukuoka Branch and other offices
Japan total	514	515	
The Americas	13	13	New York Branch and other offices
Europe and the Middle East	8	8	London Branch and other offices
Asia and Oceania	22	22	Hong Kong Branch, Singapore Branch and other offices
Outside Japan total	43	43	
Total	557	558	

## Notes:

- Offices include sub-branches, branches and offices for remittance purposes only, branches offering account transfer services only, ATM management branches (branches and offices to maintain shared ATMs only), pension plan advisory offices (pension plan advisory only offices) and internet branches.
- In addition to the above, 165 banking agency offices (166 as of March 31, 2020), 56,482 non-branch ATMs (55,941 as of March 31, 2020) and 6 representative offices outside Japan (6 as of March 31, 2020) were in operation as of March 31, 2021.
- In addition to the above, 3 sub-branches at Narita Airport (3 as of March 31, 2020) and 5 sub-branches at Haneda Airport (5 as of March 31, 2020), all mainly for foreign currency exchange, were in operation as of March 31, 2021. 1 sub-branch in Ginza, Tokyo, mainly for foreign currency exchange, and 4 non-branch automated foreign currency exchange machines at Narita Airport listed as of March 31, 2020, were permanently closed by March 31, 2021.

### Mizuho Trust & Banking

Region	Number of offices		Principal offices
	March 31, 2021	March 31, 2020	
Kanto, Koshinetsu	42	42	Head Office, Yokohama Branch and other offices
Hokkaido, Tohoku	2	2	Sapporo Branch and Sendai Branch
Hokuriku, Tokai, Kinki	10	10	Osaka Branch, Nagoya Branch and other offices
Chugoku, Shikoku	3	3	Hiroshima Branch, Okayama Branch and other offices
Kyushu	3	3	Fukuoka Branch and other offices
Total	60	60	

Notes:

- Offices include 24 sub-branches (including Trust Lounges, Mizuho Trust & Banking's offices that specialize in consultation and are mainly located within the same buildings as Mizuho Bank branches) (24 as of March 31, 2020).
- In addition to the above, 68 trust agencies (66 as of March 31, 2020) were in operation as of March 31, 2021.

c. Securities business

#### Mizuho Securities

Region	Number of offices		Principal offices
	March 31, 2021	March 31, 2020	
Kanto, Koshinetsu	44	46	Head Office, Shinjuku Branch and other offices
Hokkaido, Tohoku	6	6	Sapporo Branch, Sendai Branch and other offices
Hokuriku, Tokai, Kinki	38	38	Osaka Sales Dept. I, Nagoya Branch and other offices
Chugoku, Shikoku	10	10	Hiroshima Branch, Takamatsu Branch and other offices
Kyushu	9	9	Fukuoka Branch, Kumamoto Branch and other offices
Total	107	109	

Notes:

- In addition to the above, 2 representative offices outside Japan (2 as of March 31, 2020) were in operation as of March 31, 2021.
- In addition to the above, 131 Planet Booths (147 as of March 31, 2020) were in operation in the lobbies of Mizuho Bank branches for securities investment consultations as of March 31, 2021.

d. Other business

Mizuho Information & Research Institute, Inc.; Head Office and other offices

Note:

- Mizuho Information & Research Institute, Inc. and Mizuho Research Institute Ltd. merged as of April 1, 2021, and changed the trade name of the merged entity to "Mizuho Research & Technologies, Ltd."

Reference:

In order to provide further enhanced, comprehensive financial services, the establishment of joint branches capable of offering banking, trust banking and securities services is being promoted for the offices stated in b. and c. above. The details are as follows:

Joint branches (Japan)	Number of branches
	March 31, 2021
Joint branches offering banking, trust banking and securities services	42
Joint branches offering banking and securities services	152
Joint branches offering banking and trust banking services	2
Joint branches offering trust banking and securities services	1
Total	197

Note:

1. Mizuho Securities joint branches include Planet Booths, in addition to its offices.

#### 4. Matters regarding Mizuho Financial Group's shares

##### (1) Number of shares

(As of March 31, 2021)

Total number of authorized shares 5,130,000,000

##### (2) Total number of classes of shares authorized to be issued, total number of shares issued and number of shareholders

(As of March 31, 2021)

Classification	Total number of classes of shares authorized to be issued	Total number of shares issued	Number of shareholders
Common stock	4,800,000,000	2,539,249,894	712,351
First Series of Class XIV Preferred Stock	90,000,000		
Second Series of Class XIV Preferred Stock	90,000,000		
Third Series of Class XIV Preferred Stock	90,000,000		
Fourth Series of Class XIV Preferred Stock	90,000,000		
First Series of Class XV Preferred Stock	90,000,000		
Second Series of Class XV Preferred Stock	90,000,000		
Third Series of Class XV Preferred Stock	90,000,000		
Fourth Series of Class XV Preferred Stock	90,000,000		
First Series of Class XVI Preferred Stock	150,000,000		
Second Series of Class XVI Preferred Stock	150,000,000		
Third Series of Class XVI Preferred Stock	150,000,000		
Fourth Series of Class XVI Preferred Stock	150,000,000		

Notes:

1. The total number of the classes of shares which Mizuho Financial Group is authorized to issue in respect of the First to Fourth Series of Class XIV Preferred Stock shall not exceed 90,000,000 in total.
2. The total number of the classes of shares which Mizuho Financial Group is authorized to issue in respect of the First to Fourth Series of Class XV Preferred Stock shall not exceed 90,000,000 in total.
3. The total number of the classes of shares which Mizuho Financial Group is authorized to issue in respect of the First to Fourth Series of Class XVI Preferred Stock shall not exceed 150,000,000 in total.
4. The number of shareholders of common stock listed above does not include the 233,636 shareholders who own only shares constituting less than one (1) unit.

### (3) Major shareholders

Common stock

(As of March 31, 2021)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trustee account)	210,539,400	8.29
Custody Bank of Japan, Ltd. (Trustee account)	114,941,800	4.52
State Street Bank West Client – Treaty 505234	41,977,995	1.65
Custody Bank of Japan, Ltd. (Trustee account 5)	41,106,300	1.61
Custody Bank of Japan, Ltd. (Trustee account 6)	36,427,700	1.43
Custody Bank of Japan, Ltd. (Trustee account 7)	33,474,400	1.31
Custody Bank of Japan, Ltd. (Trustee account 1)	32,692,100	1.28
JP Morgan Chase Bank 385781	30,723,102	1.21
Custody Bank of Japan, Ltd. (Trustee account 4)	26,582,760	1.04
Custody Bank of Japan, Ltd (Taxable trust money account)	26,416,350	1.04

Notes:

1. Figures for the percentages of shares held are rounded down to the nearest second decimal place.
2. The percentages of shares held are calculated by excluding treasury stock (552,914 shares).

### (4) Shares held by officers

(As of March 31, 2021)

	Number of persons who received shares	Class and number of shares
Directors and executive officers	15	Common stock, 42,904 shares
Outside directors	2	Common stock, 2,844 shares

Notes:

1. The number of shares listed above includes the number of shares received by the officers during the fiscal year 2020, based on the estimates of such number made in the fiscal year 2019.
2. The number of shares listed above reflects the share consolidation conducted on October 1, 2020.



## 5. Matters regarding stock acquisition rights of Mizuho Financial Group

The following table is a summary of the stock acquisition rights issued to the directors (excluding the outside directors), executive officers as defined in the Companies Act and executive officers as defined in our internal regulations of Mizuho Financial Group and its subsidiaries, Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd. and Mizuho Securities Co., Ltd., pursuant to the Companies Act, in consideration for execution of duties:

	Allotment date of stock acquisition rights	Number of stock acquisition rights	Class and number of subject shares	Issue price (per stock acquisition right) (JPY)	Exercise price (per share) (JPY)	Exercise period
Fourth Series of Stock Acquisition Rights of Mizuho Financial Group	December 8, 2011	12,452 rights	Common stock, 1,245,200 shares	91,840	1	From December 9, 2011 to December 8, 2031
Fifth Series of Stock Acquisition Rights of Mizuho Financial Group	August 31, 2012	11,776 rights	Common stock, 1,177,600 shares	113,250	1	From September 3, 2012 to August 31, 2032
Seventh Series of Stock Acquisition Rights of Mizuho Financial Group	December 1, 2014	9,602 rights	Common stock, 960,200 shares	186,990	1	From December 2, 2014 to December 1, 2034

Notes:

1. Statements regarding the first through third series and the sixth series of stock acquisition rights of Mizuho Financial Group are omitted because our directors and executive officers held no stock acquisition rights as of March 31, 2021.
2. Statements in the above table reflect the share consolidation implemented on October 1, 2020.

**(1) Stock acquisition rights of Mizuho Financial Group held by directors and executive officers as of March 31, 2021**

	Number of stock acquisition rights	Class and number of subject shares	Number of persons and rights held by directors and executive officers as defined in the Companies Act
Fourth Series of Stock Acquisition Rights of Mizuho Financial Group	77 rights	Common stock, 7,700 shares	1 person, 77 rights
Fifth Series of Stock Acquisition Rights of Mizuho Financial Group	151 rights	Common stock, 15,100 shares	1 person, 151 rights
Seventh Series of Stock Acquisition Rights of Mizuho Financial Group	221 rights	Common stock 22,100 shares	2 persons, 221 rights

Notes:

1. Statements regarding the first through third series and the sixth series of stock acquisition rights of Mizuho Financial Group are omitted because our directors and executive officers held no stock acquisition rights as of March 31, 2021.
2. Statements in the above table reflect the share consolidation implemented on October 1, 2020.

**(2) Stock acquisition rights of Mizuho Financial Group granted to employees during the fiscal year ended March 31, 2021**

No stock acquisition rights of Mizuho Financial Group were granted to employees during the fiscal year ended March 31, 2021.

## 6. Matters regarding Independent Auditor

### (1) Independent Auditor

Name	Ernst & Young ShinNihon LLC Designated Partners with Limited Liability Ryuji Takagi, C.P.A. Toru Nakagiri, C.P.A. Shinichi Hayashi, C.P.A. Mitsuhiro Nagao, C.P.A.
Compensation and other remuneration for the fiscal year ended March 31, 2021	JPY 49 million
Other	<p>1. The Audit Committee reviewed, based on the performance of duties by the Independent Auditor in previous years pursuant to the auditing plan, whether (i) the items and structure of the auditing plan for the fiscal year ended March 31, 2021 were such that they appropriately corresponded to the risk assessments, and (ii) the estimate of the compensation for the audit had been prepared based on the auditing hours required to ensure effective, efficient and proper auditing quality. As a result thereof, the Audit Committee determined that the amount of compensation for the audit was reasonable, and the Audit Committee gave the consent set forth in Article 399, Paragraph 1 of the Companies Act.</p> <p>2. Mizuho Financial Group paid consideration to the Independent Auditor for the advisory and guidance services and other services related to the translation of the quarterly consolidated financial statements, which are not included among the services set forth in Article 2, Paragraph 1 of the Certified Public Accountant Act (non-audit services).</p>

#### (Notes)

1. Fractions are rounded down.
2. The audit contract between Mizuho Financial Group and the Independent Auditor does not separate the compensation for the audit under the Companies Act from the compensation for the audit under the Financial Instruments and Exchange Act. Moreover, it is practically impossible to separate the two. Accordingly, the above amount is the total of such compensation.
3. The total amount of cash and other proprietary benefits to be paid to the Independent Auditor of Mizuho Financial Group by Mizuho Financial Group, its majority-owned consolidated subsidiaries and its other consolidated subsidiaries is JPY 4,034 million. If the amounts to be paid under the audit contract concluded with the Independent Auditor by Mizuho Financial Group, its majority-owned consolidated subsidiaries and its other consolidated subsidiaries have not yet been determined, approximate amounts are used for the calculations.

## **(2) Other matters regarding the Independent Auditor**

### **a. Policy for determination of dismissal or non-reappointment of the Independent Auditor**

#### **Dismissal**

1. The Audit Committee determines the content of proposals regarding the dismissal of an Independent Auditor to be submitted to the general meeting of shareholders in the case where it is expected that the audit of financial statements or other items may be seriously affected by that Independent Auditor's actions; namely, where such Independent Auditor is recognized to fall under any of the Items in Article 340, Paragraph 1 of the Companies Act and other matters that may affect the audit of financial statements or other items.
2. The Audit Committee dismisses an Independent Auditor upon the unanimous consent of all members of the Audit Committee in the case where such Independent Auditor is recognized to fall under any of the Items in Article 340, Paragraph 1 of the Companies Act and the Audit Committee decides that the Independent Auditor in question should be promptly dismissed. In such a case, the members of the Audit Committee designated by the Audit Committee will report the dismissal of the Independent Auditor in question and the reason for such dismissal at the first general meeting of shareholders called after such dismissal.

#### **Non-reappointment**

The Audit Committee determines the content of proposals regarding the non-reappointment of an Independent Auditor to be submitted to the general meeting of shareholders in the case where the Audit Committee decides that it is reasonable to change the Independent Auditor to another Independent Auditor who is more capable of being entrusted with the duties of an Independent Auditor of the group, even though the system or other such framework that ensures (i) the appropriate implementation of the method of the audit and the results thereof and (ii) the appropriate accomplishment of duties conducted by the Independent Auditors is maintained at a level generally recognized to be adequate.

### **b. Principal majority-owned subsidiaries and other subsidiaries audited by any certified public accountant or audit corporation other than the Independent Auditor of Mizuho Financial Group**

Mizuho International plc and twelve (12) other companies among Mizuho Financial Group's principal majority-owned subsidiaries and other subsidiaries are subject to audits (limited to the audits under the provisions of the Companies Act or the Financial Instruments and Exchange Act (including any foreign law equivalent to either of these laws)) by audit corporations (including entities with equivalent qualifications in the relevant foreign country) other than the Independent Auditor of Mizuho Financial Group.

## 7. Structure for ensuring appropriate conduct of operations

The Structure for Ensuring Appropriate Conduct of Operations resolved upon by the Board of Directors and the operational status of this structure are summarized below.

Regarding Mizuho Financial Group's Internal Control System that was resolved upon at the Board of Directors meeting held on April 24, 2020, the system's operational status and related matters were reviewed, and a partial modification of the Internal Control System was resolved upon at the Board of Directors meeting held on April 23, 2021.

In connection with the system failures that occurred in February and March of 2021 at Mizuho Bank, Mizuho Financial Group will review and modify rules and other structures for managing risk of loss, as necessary, in our future initiatives based on, among other matters, the reports by the System Failure Special Investigative Committee (the "Independent Committee"), which evaluates the appropriateness of, and advises on our efforts to identify the cause thereof and prevent further incidents.

### **Summary of the Structure for Ensuring Appropriate Conduct of Operations resolved on at the Board of Directors meeting**

#### **(1) Risk management structure**

##### **Rules and other structures for managing risk of loss**

###### **■ Comprehensive risk management**

Mizuho Financial Group maintains basic policies with respect to comprehensive risk management of Mizuho Financial Group and entities administered by Mizuho Financial Group in the Basic Policy for Comprehensive Risk Management.

Mizuho Financial Group sets forth, in the Basic Policy for Comprehensive Risk Management, definitions and classifications of risks as well as the departments and offices responsible for risk management and the management structure. Moreover, Mizuho Financial Group implements comprehensive risk management to control risk to a level acceptable from a management perspective by evaluating risks as a whole and appropriately responding to risks as necessary either prior or subsequent to their occurrence both qualitatively and quantitatively.

The President & CEO is responsible for the comprehensive risk management of Mizuho Financial Group, while the Head of the Risk Management Group is in charge of matters relating to the planning and operation of comprehensive risk management pursuant to the Basic Policy for Comprehensive Risk Management. The Head of the Risk Management Group reports to the Board of Directors, the Risk Committee, the Executive Management Committee, and the President & CEO with respect to the status of comprehensive risk management and other related items, periodically and as necessary. Moreover, the Head of the Risk Management Group makes recommendations to the Head of the Group in charge of each risk

management from the perspective of comprehensive risk management, as necessary.

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#### ■ Business policy committees

Business policy committees, such as the Risk Management Committee, comprehensively discuss and coordinate various company-wide issues concerning different forms of risk such as market risk and liquidity risk.

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#### ■ Business continuity management

In our Basic Policy for Business Continuity Management, Mizuho Financial Group sets forth response measures to be taken in the event of an emergency at Mizuho Financial Group and entities administered by Mizuho Financial Group and basic policies for business continuity management.

Mizuho Financial Group establishes appropriate and effective response measures as well as the framework of business continuity management and response measures in the event of an emergency in the Basic Policy for Business Continuity Management in ordinary times in order to identify risks of an emergency and swiftly implement measures, including risk reduction measures in the event of an emergency, and we aim to disseminate this information across the organization.

Mizuho Financial Group has a dedicated organization in charge of business continuity management.

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Rules and other structures for managing risk of loss, including the above mentioned rules and structures, have been set forth in internal policies such as our Basic Policy for Comprehensive Risk Management, Basic Policy for Credit Risk Management, Basic Policy for Market Risk Management, Basic Policy for Liquidity Risk Management, Basic Policy for Operational Risk Management, and Basic Policy for Business Continuity Management.

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### **Rules and other structures for managing risk of loss at Mizuho Financial Group's subsidiaries**

#### ■ Basic policy relating to risk management

With respect to risk management at Mizuho Financial Group's core group companies, Mizuho Financial Group develops and provides basic policies and other internal rules and receives reports periodically or as necessary on matters necessary for risk management, such as the risk status at the core group companies, and reports the comprehensive risk management status and other relevant information to the Board of Directors, the Risk Committee and other appropriate governance bodies. Mizuho Financial Group's prior approval is required when adjustments to the basic policies, or other rules, developed by Mizuho Financial Group are necessary, or when Mizuho Financial Group provides instructions regarding these basic policies or other rules.

Mizuho Financial Group centrally oversees and manages the risk and business continuity management of the core group companies, and the risk and business continuity management of subsidiaries and affiliates other than the core group companies shall be overseen, in principle, through the core group companies.

The companies particularly designated by Mizuho Financial Group, among the core group companies, each set forth their basic policy for risk and

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business continuity management upon applying to Mizuho Financial Group, in accordance with the basic policy established by Mizuho Financial Group.

Rules and other structures for managing risk of loss of Mizuho Financial Group's subsidiaries, including the above mentioned structures, have been set forth in internal policies such as our Group Management Administration Regulations, Basic Policy for Comprehensive Risk Management, and Basic Policy for Business Continuity Management.

## **(2) Compliance structure**

**Structure to ensure that Executive Officers as defined in the Companies Act and employees execute their duties in compliance with laws, regulations and the Articles of Incorporation**

### **■ Mizuho Code of Conduct**

Mizuho Financial Group maintains the Mizuho Code of Conduct as an ethical standard that must be observed in line with our Corporate Identity, which serves as the concept that forms the basis of all activities conducted by Mizuho Financial Group. Mizuho Financial Group observes the Mizuho Code of Conduct in making all business and operational decisions.

### **■ Compliance**

Mizuho Financial Group views complete compliance as a basic principle of management and maintains a compliance management structure and a Compliance Manual. Mizuho Financial Group, in principle, develops compliance programs each fiscal year for the implementation of specific plans for complete compliance and periodically follows up on the status of the implementation of such plans. Mizuho Financial Group also maintains a compliance hotline and hotlines relating to internal control and audits with respect to accounting and financial reports.

The President & CEO is responsible for compliance at Mizuho Financial Group, while the Head of the Compliance Group is in charge of planning, drafting and promoting matters related to compliance in general. The Head of the Compliance Group reports to the Board of Directors, the Audit Committee, the Executive Management Committee, and the President & CEO with respect to the status of compliance and other matters, periodically and as necessary.

### **■ Stance towards organized crime**

Mizuho Financial Group's stance towards organized crime is part of our compliance structure. Mizuho Financial Group is dedicated to preventing transactions with individuals or organizations associated with organized crime, which is viewed as an important group policy when designing and implementing the specific plans for complete compliance mentioned above.

### **■ Business policy committees**

Business policy committees, such as the Compliance Committee, comprehensively discuss and coordinate issues concerning compliance and the handling of organized crime-related measures.

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A structure to ensure that Executive Officers as defined in the Companies Act and employees execute their duties in compliance with laws, regulations and the Articles of Incorporation, including the above mentioned structures, has been set forth in internal policies including the Mizuho Code of Conduct, Basic Policy of Compliance and the Compliance Manual.

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**Structure to ensure that directors, employees, and other members of Mizuho Financial Group's subsidiaries execute their duties in compliance with laws, regulations and the Articles of Incorporation**

■ **Basic policy relating to compliance**

With respect to the compliance management of the core group companies, Mizuho Financial Group develops and provides basic policies and other such rules, and receives reports periodically or as necessary on matters necessary for compliance management of the core group companies, and reports the status of compliance and other matters to the Board of Directors, the Audit Committee, and other appropriate governance bodies. Mizuho Financial Group's prior approval is required when adjustments to the basic policies or other rules developed by Mizuho Financial Group are necessary, or when Mizuho Financial Group provides instructions regarding these basic policies or other rules.

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Mizuho Financial Group maintains a system that centrally oversees and manages the status of compliance of the core group companies, and as for subsidiaries and affiliates, other than the core group companies, a compliance management system is established, in principle, through the core group companies.

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The companies particularly designated by Mizuho Financial Group, among the core group companies, each set forth their basic policy on compliance upon applying to Mizuho Financial Group, in accordance with the basic policy established by Mizuho Financial Group.

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A structure to ensure that directors, employees, and other members of Mizuho Financial Group's subsidiaries are executed in compliance with laws, regulations and the Articles of Incorporation, including the above mentioned structures, has been set forth in internal policies such as the Group Management Administration Regulations and Basic Policy of Compliance.

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**(3) Execution of duties by Executive Officers as defined in the Companies Act**

**Structure for the safekeeping and management of information on the execution of duties by Executive Officers as defined in the Companies Act**

■ **Period of retention**

Mizuho Financial Group fixes the period of retention for information, such as the minutes of the Executive Management Committee meetings and other various committee meetings and materials related thereto, as well as applications for approval and reports, and carries out other necessary matters relating to the safekeeping and management thereof.



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### ■ Information management

The President & CEO is responsible for information management at Mizuho Financial Group, while the Head of the Compliance Group is in charge of matters relating to the planning and operation of information management. The Head of the Compliance Group reports to the Board of Directors, the Audit Committee, the Executive Management Committee, and the President & CEO with respect to the status of information management and other matters, periodically and as necessary.

Mizuho Financial Group, in principle, establishes specific plans for thorough information management each fiscal year and periodically follows up on the status of the implementation thereof.

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### ■ Business policy committees

Business policy committees, such as the Compliance Committee, comprehensively discuss and coordinate various company-wide measures concerning information management.

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A structure for the safekeeping and management of information on the execution of duties by Executive Officers as defined in the Companies Act, including the above mentioned structures, has been set forth in internal policies including the Basic Approach for Group Business Management Concerning Information Management, Information Security Policy, Regulations of the Executive Management Committee, and Regulations of the Internal Audit Committee.

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### Structure to ensure the efficient execution of duties by Executive Officers as defined in the Companies Act

#### ■ Delegation of authority

Mizuho Financial Group realizes expeditious corporate management that is capable of making swift and flexible decisions by delegating decisions on business execution to Executive Officers as defined in the Companies Act to the fullest extent.

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#### ■ In-house company system

Mizuho Financial Group maintains in-house companies and units under a management structure based on customer segments and, as the holding company that oversees the business management of the group, Mizuho Financial Group formulates group-wide strategies across banking, trust banking, securities, and other business areas.

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#### ■ Implementation of risk appetite framework

Mizuho Financial Group implements a risk appetite framework by establishing a group level risk appetite within the risk-bearing capacity of the group as a whole and, among other things, specifying risk appetite metrics for each in-house company and unit.

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#### ■ Assignment of business operations, decision-making authority

Mizuho Financial Group determines the criteria for matters to be resolved by or reported to the Board of Directors, assignment of business operations to each organization, decision-making authority depending on the importance of matters, etc. Mizuho Financial Group also maintains an Executive Management Committee and several business policy committees. Thus,

Mizuho Financial Group ensures that Executive Officers as defined in the Companies Act execute their duties efficiently on a company-wide basis.

A structure to ensure the efficient execution of duties by Executive Officers as defined in the Companies Act, including the above mentioned structures, has been set forth in internal policies such as our Corporate Governance Guidelines, Regulations of the Board of Directors, Organization Regulations, Authorization Regulations, and Basic Policy Concerning the Operation of the Risk Appetite Framework.

#### **(4) Group management administration structure**

##### **Structure for ensuring appropriate conduct of operations within the corporate group consisting of Mizuho Financial Group and its subsidiaries**

###### **■ Mizuho Code of Conduct**

Each group company has adopted the Mizuho Code of Conduct.

###### **■ Group management administration**

Mizuho Financial Group directly administers its core group companies as stipulated in our Group Management Administration Regulations, in order to play an active role as the holding company in the management of the group and act in a planning function with respect to group strategies and policies and a controlling function with respect to each group company as part of Mizuho Financial Group's business management.

In accordance with the Standards for Management of Subsidiaries established by Mizuho Financial Group, the core group companies administer subsidiaries and affiliates other than the core group companies.

###### **■ Reports to the Board of Directors and other governance bodies, by Directors, Executive Officers as defined in the Companies Act, employees, etc.**

The Board of Directors, the Nominating Committee, the Compensation Committee, and the Audit Committee may, whenever necessary, have Directors, Executive Officers as defined in the Companies Act, and employees of Mizuho Financial Group (including directors, corporate auditors, or other persons equivalent thereto and employees of the Three Core Companies, and directors, corporate auditors, or other persons equivalent thereto and employees of Mizuho Financial Group's subsidiaries and affiliates with respect to the meetings of the Board of Directors and the Audit Committee) attend meetings of the Board of Directors and such committees and request reports and opinions by those people. Directors, Executive Officers as defined in the Companies Act, and employees of Mizuho Financial Group (including directors, corporate auditors, or other persons equivalent thereto and employees of the Three Core Companies, and directors, corporate auditors, or other persons equivalent thereto and employees of Mizuho Financial Group's subsidiaries and affiliates with respect to the meetings of the Board of Directors and the Audit Committee) shall, upon request, attend meetings of the Board of Directors and such committees and explain matters requested by the Board of Directors and such committees.

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A structure for ensuring appropriate conduct of operations within the corporate group consisting of Mizuho Financial Group and its subsidiaries, including the above mentioned structures, has been set forth in internal policies such as the Corporate Governance Guidelines, Mizuho Code of Conduct, Regulations of the Board of Directors, Regulations of the In-House Company Strategy Conference, Group Management Administration Regulations, Standards for Management of Subsidiaries, and Regulations for the Operation of the in-house company system.

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**Structure concerning reports to Mizuho Financial Group on matters related to the execution of duties by the directors of Mizuho Financial Group's subsidiaries and other persons equivalent thereto**

■ **Application for approval and reports from the core group companies**

Pursuant to the Group Management Administration Regulations, Mizuho Financial Group receives applications for approval from the core group companies on material matters concerning the entire group and receives reports on matters relevant thereto.

With respect to risk management, compliance management, and internal audits, Mizuho Financial Group receives reports periodically or as necessary regarding necessary matters in accordance with the basic policies and other such internal regulations. In addition, the core group companies are required to submit an application for approval or complete other such procedures when adjustments are required to such basic policies or other internal regulations or when instructed to do so by Mizuho Financial Group.

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A structure concerning reports to Mizuho Financial Group on matters related to the execution of duties by the directors of Mizuho Financial Group's subsidiaries and other persons equivalent thereto, including the above mentioned structures, has been set forth in the internal policies such as our Group Management Administration Regulations, Basic Policy for Comprehensive Risk Management, Basic Policy of Compliance, and Basic Policy on Internal Audit.

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**Structure to ensure the efficient execution of duties of the directors of Mizuho Financial Group's subsidiaries and other persons equivalent thereto**

■ **Development and presentation of management policies and other directives**

Pursuant to the Group Management Administration Regulations, Mizuho Financial Group develops basic policies and other such internal policies on matters concerning the development of management policy and business strategy, and presents them to the core group companies.

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A structure to ensure the efficient execution of duties of the directors of Mizuho Financial Group's subsidiaries and other persons equivalent thereto, including the above mentioned structures, has been set forth in internal policies including our Group Management Administration Regulations and Organization Regulations.

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## **(5) Execution of duties by the Audit Committee**

### **Matters concerning employees designated as assistants for the Audit Committee's duties**

#### **■ Establishment of the Audit Committee Office**

Mizuho Financial Group designates the Audit Committee Office as the office in charge of matters concerning assistance in the performance of the Audit Committee's duties and matters concerning the secretariat for the Audit Committee, and the General Manager of the Audit Committee Office manages the office's business under the instructions of members of the Audit Committee.

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The above stipulations have been set forth in internal policies such as our Regulations of the Audit Committee and Organization Regulations.

### **Matters concerning measures for ensuring that employees assisting the Audit Committee's duties remain independent from Executive Officers as defined in the Companies Act and the effectiveness of the instructions to such employees**

#### **■ Prior consent of the Audit Committee**

Prior consent of the Audit Committee shall be obtained with respect to the establishment of the budget of the Audit Committee Office in charge of matters concerning assistance in the performance of the Audit Committee's duties, reorganization thereof, and personnel changes or other such matters concerning employees assigned thereto.

#### **■ Ensuring sufficiency and independence of structure**

The Audit Committee, from the perspective of ensuring the effectiveness of audits, takes into consideration whether the sufficiency of the structure of assistant employees and other persons equivalent thereto, and the independence of assistant employees and other persons equivalent thereto, from Executive Officers as defined in the Companies Act or other persons performing an executive role, are ensured.

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The above stipulations have been set forth in internal policies such as our Regulations of the Audit Committee and Auditing Standards of the Audit Committee.

### **The structure under which Directors (excluding Directors who are members of the Audit Committee), Executive Officers as defined in the Companies Act, and employees of Mizuho Financial Group report to the Audit Committee**

#### **■ Attendance at meetings of the Audit Committee by Directors, Executive Officers as defined in the Companies Act, and employees of Mizuho Financial Group**

The Audit Committee may, whenever necessary, have Directors, Executive Officers as defined in the Companies Act, and employees of Mizuho Financial Group attend meetings of the Audit Committee and request reports and opinions by such persons. Directors, Executive Officers as defined in the Companies Act, and employees of Mizuho Financial Group shall, upon request by the Audit Committee, attend meetings of the Audit Committee and explain matters requested by the Audit Committee.

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The Audit Committee receives reports from internal organizations such as the Compliance Group, the Risk Management Group, the Strategic Planning Group, and the Financial Control & Accounting Group on matters concerning the internal control system, and, whenever necessary, requests investigation of relevant matters.

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■ **Coordination with the Internal Audit Group**

The Audit Committee coordinates with the Internal Audit Group regularly and flexibly; for example, the Audit Committee receives reports on topics including auditing plans and audit results from the Internal Audit Group, and, whenever necessary, requests investigation of relevant matters or gives specific instructions to the Internal Audit Group, and the Internal Audit Group conducts such investigations and takes such specific instructions.

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A structure under which Directors (excluding Directors who are members of the Audit Committee), Executive Officers as defined in the Companies Act, and employees of Mizuho Financial Group report to the Audit Committee, including the above mentioned matters, has been set forth in internal policies such as our Corporate Governance Guidelines, Regulations of the Audit Committee, Auditing Standards of the Audit Committee, and Regulations of the Internal Audit Committee.

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**The structure under which directors, corporate auditors, or other persons equivalent thereto, and employees of Mizuho Financial Group's subsidiaries or persons who receive reports from such persons report to the Audit Committee**

■ **Attendance at meetings of the Audit Committee by directors, corporate auditors, executive officers, employees of subsidiaries, etc.**

The Audit Committee may, whenever necessary, have directors, corporate auditors, or other persons equivalent thereto, and employees of Mizuho Financial Group's subsidiaries and affiliates attend meetings of the Audit Committee and request reports and opinions by such persons. Directors, corporate auditors, or other persons equivalent thereto, and employees of Mizuho Financial Group's subsidiaries and affiliates shall, upon request by the Audit Committee, attend meetings of the Audit Committee and explain matters requested by the Audit Committee.

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■ **Reports of the status of management of subsidiaries and affiliates**

The Audit Committee and members of the Audit Committee receive reports or explanations concerning the status of management of subsidiaries and affiliates from Executive Officers as defined in the Companies Act and employees, and inspect relevant documents. The Audit Committee and members of the Audit Committee shall, whenever necessary in order to audit the circumstances regarding the execution of duties by Directors and Executive Officers as defined in the Companies Act, request subsidiaries and affiliates to provide reports regarding their businesses or investigate the status of their operations and properties.

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A structure under which directors, corporate auditors, or other persons equivalent thereto, and employees of Mizuho Financial Group's subsidiaries or persons who receive reports from such persons report to the Audit Committee of Mizuho Financial Group, including the above mentioned matters, has been set forth in internal policies such as our Corporate Governance Guidelines, Regulations of the Audit Committee, and Auditing Standards of the Audit Committee.

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**The structure to ensure that persons who report to the Audit Committee are not treated disadvantageously due to such a report**

**■ Prohibition of disadvantageous treatment**

Persons who report to the Audit Committee shall not be treated disadvantageously due to such a report.

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Mizuho Financial Group maintains a compliance hotline where employees and other individuals may file a report when they find any problems concerning compliance, such as a violation of laws or a violation of office regulations. The compliance hotline is implemented through policies such as, with respect to informing or reporting the relevant matters to ensure confidentiality; not to disclose the personal information of those who report to any third party without their consent; to give consideration not to identify those who report as part of a factual investigation; and not to disadvantageously treat those who report, for example disadvantageous treatment in job assignment or any other personnel matters or any other aspects due to such a report. Such policies also apply to cases where a report is filed with the Audit Committee through the compliance hotline.

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A structure to ensure that persons who report to the Audit Committee are not treated disadvantageously due to such a report, including the above mentioned matters, has been set forth in internal policies such as our Basic Policy of Compliance.

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**Matters concerning policies for the procedures for prepayment or reimbursement of the expenses incurred for the execution of duties by members of the Audit Committee (limited to the execution of duties for the Audit Committee) or treatment of other expenses or liabilities incurred for the execution of such duties**

**■ Burden of Expenses**

The Audit Committee or members appointed by the Audit Committee, whenever necessary, may utilize attorneys-at-law, certified public accountants or other experts, and are authorized to pay such expenses and request Mizuho Financial Group to reimburse such expenses deemed necessary for the execution of duties. Mizuho Financial Group shall bear such expenses.

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The above mentioned matters have been set forth in internal policies such as our Regulations of the Audit Committee and Auditing Standards of the Audit Committee.

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**Other structures to ensure the effectiveness of audits by the Audit Committee****■ Appointment of members of the Audit Committee**

Given that, as a financial institution, it is essential for Mizuho Financial Group to ensure the effectiveness of the activities of the Audit Committee and that it is necessary for the Audit Committee to gather information through internal directors who are familiar with financial businesses and regulations, share information among the Audit Committee and to have sufficient coordination with internal control departments, Mizuho Financial Group in principle appoints one or two Non-Executive Directors who are internal directors as full-time members of the Audit Committee.

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**■ Coordination with the Internal Audit Group and other organizations**

The Audit Committee executes its duties through effective coordination with the Internal Audit Group, based on the establishment and management of internal control systems at Mizuho Financial Group and its subsidiaries.

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**■ Attendance of Independent Auditors, outside experts, etc., at the Audit Committee**

The Audit Committee may, whenever necessary, have Independent Auditors, outside experts, etc., attend meetings of the Audit Committee and request reports and opinions by those people. Independent Auditors shall, upon request by the Audit Committee, attend meetings of the Audit Committee and explain matters requested by the Audit Committee.

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**■ Coordination with Corporate Auditors of subsidiaries and affiliates as well as Independent Auditors**

The Audit Committee and members of the Audit Committee maintain close coordination with Independent Auditors in order to implement effective auditing, and whenever necessary, maintain close coordination with the Corporate Auditors of subsidiaries and affiliates.

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Other structures to ensure the effectiveness of audits by the Audit Committee, including the above mentioned structures, have been set forth in internal policies such as our Corporate Governance Guidelines, Regulations of the Audit Committee, and Auditing Standards of the Audit Committee.

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## **Summary of the operational status of our Structure for Ensuring Appropriate Conduct of Operations (Internal Control System)**

In connection with the system failures that occurred in February and March of 2021 at Mizuho Bank, Mizuho Financial Group will review and modify rules and other structures for managing risk of loss, as necessary, in our future initiatives based on, among other matters, the reports by the System Failure Special Investigative Committee (the “Independent Committee”), which evaluates the appropriateness of, and advises on our efforts to identify the cause thereof and prevent further incidents.

### **(1) Risk management structure**

- Mizuho Financial Group ensures the soundness of its capital by allocating risk capital to its subsidiaries and affiliates to control risk within the limits set for each company. In addition, Mizuho Financial Group regularly monitors the manner in which risk capital is used and reports to the Board of Directors and other governance bodies.
- Business Policy Committees, such as the Risk Management Committee, comprehensively coordinate and conduct discussions, and report to the Board of Directors and other governance bodies periodically and as necessary.
- A Crisis Management Office has been established within the Strategic Planning Group as a section specializing in the supervision of business continuity management. In addition, for the purposes of uniform maintenance and improvement of the group’s business continuity management system, the group’s development policies and plan are formulated each fiscal year taking into account the social environment, changes in risk, and other factors. The Executive Management Committee periodically follows up on the progress of the development plan and reports to the Board of Directors and other governance bodies. In addition, the group continuously implements joint training, drills, etc. and through such training and drills, works to improve the effectiveness of the business continuity management system of the entire group.
- Moreover, in consideration of its vital role within the social infrastructure as a financial institution, Mizuho Financial Group established the position of “Group Chief Information Security Officer” as the officer in charge of cybersecurity risk management, which has increasingly been gaining importance. A specialized section is planning and conducting such risk management.
- In conjunction with the introduction of the in-house company system, Mizuho Financial Group has strengthened autonomous control, which is one of the “three lines of defense,” and has established and operated a structure in which risk monitoring and compliance associated with business operations is managed and integrated with its businesses by each in-house company, unit, etc.
- Mizuho Financial Group centrally oversees and manages the status of risk and business continuity management of the core group companies by receiving reports on this status and other matters from the core group companies and informing the Board of Directors, the Audit Committee, and other governance bodies of such reports. The risk and business continuity management of



subsidiaries and affiliates other than the core group companies, is managed through the core group companies.

## **(2) Compliance structure**

- Every year, Mizuho Financial Group develops and implements compliance programs, including various arrangements, training and checks, etc., related to compliance for the implementation of specific plans for complete compliance and additionally, manages the progress of and makes necessary amendments to such plans.
- Mizuho Financial Group's preventative measures concerning organized crime are conducted as part of our compliance structure. We are dedicated to preventing transactions with individuals or organizations associated with organized crime as an important group policy of when designing and implementing the specific plans for complete compliance mentioned above.
- The Compliance Committee and other internal organizations discuss and coordinate issues concerning compliance, including compliance programs, and report to the Board of Directors and other governance bodies periodically and as necessary.
- Mizuho Financial Group centrally oversees and manages the compliance status of the core group companies by receiving reports on the status of compliance management and other matters from the core group companies and informing the Board of Directors, the Audit Committee, etc., of such reports. The compliance status of subsidiaries and affiliates other than the core group companies, is managed through the core group companies.

## **(3) Execution of duties by Executive Officers as defined in the Companies Act**

- Mizuho Financial Group carries out the safekeeping and management of material documents, such as the minutes of the Executive Management Committee meetings and other various committee meetings and materials related thereto, as well as applications for approval and reports, pursuant to certain rules. Mizuho Financial Group establishes and follows up on specific plans for information management, including training and checks, and reports to the Board of Directors and other governance bodies with respect to the status of information management and other such matters.
- Mizuho Financial Group has adopted a Company with Three Committees structure for the purpose of securing the effectiveness of corporate governance and supervision of the management, and enabling the management to make swift and flexible decisions and to realize expeditious corporate management by the Board of Directors' delegating decisions on business execution.
- Mizuho Financial Group has introduced the in-house company system, which is a management structure based on customer segments that enables us to effectively conduct banking, trust banking, securities, asset management, think tank and other group functions.
- With the aim of balancing our risk-return through the integrated group-wide operation of business strategies, financial strategies, and risk controls, we introduced a risk appetite framework, under which, the group determines business strategies and measures as well as resource allocation and earnings

plans based on Mizuho's risk appetite that is defined as the level and type of risk management the group is willing to assume in order to realize our business and financial strategies, and we monitor the operation status of this framework.

- Mizuho Financial Group has determined the matters to be resolved by or reported to the Board of Directors, assignment of each organization, decision-making authority, etc. In addition, the Executive Management Committee and the Business Policy Committees were established and thus, Mizuho Financial Group ensures that Executive Officers as defined in the Companies Act execute their duties efficiently on a company-wide basis.

#### **(4) Group management administration structure**

- The tenets of Mizuho's Corporate Identity are shared throughout the group, and integrated group management is ensured by the direct administration of the core group companies by Mizuho Financial Group and of subsidiaries and affiliates other than the core group companies by the core group companies.
- Pursuant to the Group Management Administration Regulations, Mizuho Financial Group received applications for approval from the core group companies on material matters concerning the entire group and received reports on matters equivalent thereto.
- With respect to risk management, compliance management, and internal audit, Mizuho Financial Group received reports periodically and as necessary, and reported such reports to the Board of Directors and other governance bodies. Mizuho Financial Group also gave appropriate instructions with respect to the risk management, compliance management, and internal audit.
- Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities and Asset Management One adopted a Company with Audit and Supervisory Committees structure to establish a strong group governance structure.

#### **(5) Execution of duties by Audit Committee**

- The Audit Committee consists of one Internal Non-Executive Director and three Outside Directors, and the one Internal Non-Executive Director is appointed as a full-time member of the Audit Committee. Full-time members of the Audit Committee strive to ensure the effectiveness of the Audit Committee's activities by attendance at important meetings, inspection of relevant documents, and collection of reports from Directors, Executive Officers as defined in the Companies Act and employees of Mizuho Financial Group as well as directors, corporate auditors, or other persons equivalent thereto and employees of Mizuho Financial Group's subsidiaries and affiliates.
- The Audit Committee periodically receives reports from Executive Officers as defined in the Companies Act and other individuals on, among other things, the status of the execution of duties, including administration of group companies, and takes the opportunity to exchange opinions and information, mainly from an internal control perspective. The Audit Committee, after confirming the effectiveness of the internal control system, consented to the submission of a proposal to the Board of Directors concerning annual modification of the internal control system.
- Above all, with respect to internal audits, the Audit Committee has the Head of the Internal Audit Group attend the meetings of the Audit Committee to receive

- reports periodically on, among other things, the status of internal audits, including those of group companies, and request investigations and/or give specific instructions whenever necessary. Further, the consent of the Audit Committee is required with respect to basic internal auditing plans, the budget of the Internal Audit Group, the commission of the Head of the Internal Audit Group and the appointment of the General Manager of the Internal Audit Group.
- Furthermore, in order to seek close coordination with the audit and supervisory committee members and the corporate auditors of subsidiaries and affiliates, the Audit Committee and members of the Audit Committee periodically and as necessary take the opportunity to exchange opinions and information.
  - The Audit Committee has Independent Auditors periodically attend the meetings of the Audit Committee to receive reports on auditing plans, the status of audits, audit results, etc., and to discuss risk assessments and other topics.
  - Through in-house training and by distributing information on the intranet, Mizuho Financial Group ensures that all members of the organization are well informed that those who identify any problems concerning compliance and contact the compliance hotline or report to the full-time members of the Audit Committee, shall not be treated disadvantageously due to any such contact or report.
  - Mizuho Financial Group has established the Audit Committee Office as a division responsible for assisting in the duties of the Audit Committee and has assigned thereto employees who are not subject to the chain of command structure of Executive Officers as defined in the Companies Act. In order to ensure the independence of the employees assigned to the Audit Committee Office from Executive Officers as defined in the Companies Act, the prior consent of the Audit Committee is obtained with respect to personnel changes relating to employees assigned to and the budget of the Audit Committee Office and other roles.

## **8. Matters regarding specified wholly-owned subsidiary**

### **Name and address of specified wholly-owned subsidiary**

Mizuho Bank, Ltd.

5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo

### **Total book value of stock of specified wholly-owned subsidiary held by Mizuho Financial Group and its wholly-owned subsidiary, etc. as of March 31, 2021**

5,015,101 million yen

### **Total amount of assets recognized in the balance sheet of Mizuho Financial Group for this fiscal year**

14,169,252 million yen

## 9. Other matters

### **Policy for exercise of the authority given to the Board of Directors pursuant to the provision of the Articles of Incorporation subject to the provisions of Article 459, Paragraph 1 of the Companies Act (policy for making decisions regarding dividends from surplus)**

In its Articles of Incorporation, Mizuho Financial Group provides that it shall decide distribution of dividends from surplus and other matters provided for in each item of Article 459, Paragraph 1 of the Companies Act by a resolution of the Board of Directors, unless otherwise provided for in laws or regulations.

Mizuho Financial Group had been implementing disciplined capital management by pursuing the optimum balance between strengthening of stable capital base and steady returns to shareholders. Under the 5-Year Business Plan that had launched in fiscal year 2019, Mizuho Financial Group has endeavored to realize steady returns to shareholders based on the shareholder return policy of maintaining the current level of dividends for the time being while aiming to strengthen our capital base further to enhance returns to shareholders at an early stage. Starting from fiscal year 2021, we have decided to pursue the optimum balance between capital adequacy, growth investment and enhancement of shareholder return, and set forth our shareholder return policy of progressive dividends being our principal approach while executing flexible and intermittent share buybacks. In addition, as for the dividends, we will decide based on the steady growth of our stable earnings base, taking 40% of the dividend payout ratio as a guide into consideration. As for share buybacks, we will consider our business results and capital adequacy, our stock price and the opportunities for growth investment in determining the execution.

## [NOTES TO CONSOLIDATED FINANCIAL STATEMENTS]

Amounts less than one million yen are rounded down.

### **BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND PRINCIPLES OF CONSOLIDATION**

1. Definitions of majority-owned subsidiary, other subsidiary and affiliate conform to Article 2, Paragraph 8 of the Banking Law and Article 4-2 of the Banking Law Enforcement Ordinance.
2. Scope of Consolidation
  - (1) Number of majority-owned consolidated subsidiaries and other consolidated subsidiaries: 160  
Names of principal companies:  
Mizuho Bank, Ltd.  
Mizuho Trust & Banking Co., Ltd.  
Mizuho Securities Co., Ltd.  
During the period, Mizuho After Corona Business Succession Assist Fund Limited Partnership and 58 other companies were newly included in the scope of consolidation as a result of establishment.  
During the period, Mizuho Capital Partners Co.,Ltd. and 24 other companies were excluded from the scope of consolidation as a result of decreasing the shares and other factors.
  - (2) Number of majority-owned non-consolidated subsidiaries and other non-consolidated subsidiaries: 0
3. Application of the Equity Method
  - (1) Number of majority-owned non-consolidated subsidiaries and other non-consolidated subsidiaries under the equity method: 0
  - (2) Number of affiliates under the equity method: 28  
Names of principal companies:  
Custody Bank of Japan, Ltd.  
Orient Corporation  
Mizuho Leasing Company, Limited  
During the period, PayPay Securities Corporation and 3 other companies were newly included in the scope of the equity method as a result of increasing the shares and other factors.  
During the period, JTC Holdings, Ltd. and another company were excluded from the scope of the equity method as a result of merger.
  - (3) Number of majority-owned non-consolidated subsidiaries and other non-consolidated subsidiaries not under the equity method: 0
  - (4) Affiliates not under the equity method:  
Pec International Leasing Co., Ltd.  
Affiliates not under the equity method are excluded from the scope of the equity method since such exclusion has no material effect on MHFG's consolidated financial statements in terms of Net Income (Loss) (amount corresponding to MHFG's equity position), Retained Earnings (amount corresponding to MHFG's equity position), Accumulated Other Comprehensive Income (amount corresponding to MHFG's equity position) and others.

4. Fiscal Years of Majority-owned Consolidated Subsidiaries and Other Consolidated Subsidiaries

(1) Balance sheet dates of majority-owned consolidated subsidiaries and other consolidated subsidiaries are as follows:

July 31	1 company
December 31	39 companies
March 31	120 companies

(2) The majority-owned consolidated subsidiary with the balance sheet date of July 31 was consolidated based on its tentative financial statements as of and for the period ended the consolidated balance sheet date. Other majority-owned consolidated subsidiaries and 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. Amortization Method of Goodwill

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.

6. 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 this fiscal year, including the gains or losses resulting from any change in the value between the beginning and the end of this 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 fair value, assuming that such transactions are terminated and settled at the consolidated balance sheet date.

Trading Income and Trading Expenses include the interest received and the interest paid during this 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 this fiscal year, and the gains or losses resulting from any change in the value of financial derivatives between the beginning and the end of this fiscal year, assuming they were settled at the end of this fiscal year.

For financial derivatives, fair value is calculated on the basis of net assets or liabilities after offsetting financial assets and liabilities with respect to specific market risks and specific credit risk.

- (3) Securities
- (i) Bonds held to maturity are stated at amortized cost (straight-line method) and determined by the moving average method. Investments in affiliates not under the equity method are stated at acquisition cost and determined by the moving average method. Other Securities are stated at market price (cost of securities sold is calculated primarily by the moving average method). Stocks and others without a quoted market price are stated at acquisition cost and determined by the moving average method.  
The net unrealized gains (losses) on Other Securities are included directly in Net Assets, net of applicable income taxes after excluding gains and losses as a result of the fair-value hedge method.
- (ii) Securities which are held as trust assets in Money Held in Trust accounts are valued in the same way as described in (i) above.
- (4) Derivative Transactions  
Derivative transactions (other than transactions for trading purposes) are valued at fair value.  
Fair value is calculated on the basis of net assets or liabilities after offsetting financial assets and liabilities with respect to specific market risks and specific credit risk.
- (5) Depreciation of Fixed Assets
- ① 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
- ② 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 majority-owned consolidated subsidiaries.
- ③ 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.
- (6) Deferred Assets  
Bond issuance costs are expensed as incurred.
- (7) Reserves for Possible Losses on Loans  
Reserves for Possible Losses on Loans of major domestic majority-owned consolidated subsidiaries and other 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 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 for the next one year or three years are maintained at rates derived from historical credit loss experience or historical bankruptcy experience for one or three years and making necessary adjustments such as future prospects and others. 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 claims balances. The total directly written-off amount was ¥116,834 million.

Other majority-owned consolidated subsidiaries and 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.

- (8) 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.
- (9) 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 this fiscal year, based on the estimated future payments.
- (10) 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 and executive officers of Mizuho Financial Group, Inc., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., and Mizuho Securities Co., Ltd., the estimated payments based on the standard amount regarding variable compensation of this fiscal year is provided.
- (11) 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 this fiscal year, based on the internally established standards.

- (12) 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.
- (13) 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.
- (14) 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.
- (15) 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.
- (16) Reserve under Special Laws  
Reserve under Special Laws is Reserve for Contingent Liabilities from Financial Instruments and Exchange. 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.
- (17) 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 prior service cost and unrecognized actuarial differences are recognized as follows:
- |                                    |   |
|------------------------------------|---|
| Unrecognized prior service cost:   | Recognized mainly as income or expenses in the period of occurrence.  |
| Unrecognized actuarial difference: | 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.
- (18) Assets and Liabilities denominated in foreign currencies  
Assets and Liabilities denominated in foreign currencies and accounts of overseas branches of domestic majority-owned consolidated banking subsidiaries and a domestic majority-owned 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 majority-owned consolidated subsidiaries and other 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.

(19) 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 majority-owned consolidated banking subsidiaries and domestic majority-owned consolidated trust banking subsidiaries is accounted for in accordance with the method stipulated in the “Accounting and Auditing Treatment relating to Adoption of Accounting Standards for Financial Instruments for Banks” (JICPA Industry Committee Practical Guideline No.24, October 8, 2020).

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 a 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 majority-owned consolidated banking subsidiaries and domestic majority-owned 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 Committee Practical Guideline No.25, October 8, 2020). 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 majority-owned subsidiaries apply the deferred method or the fair-value hedge method to portfolio hedges of the foreign exchange risks associated with investments in majority-owned subsidiaries, other consolidated subsidiaries and affiliates in foreign currency and Other Securities 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 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 Committee Practical Guideline No. 24 and 25.

As for certain assets and liabilities of MHFG and its majority-owned consolidated subsidiaries and other consolidated subsidiaries, the deferred method, the fair-value hedge method or the exceptional accrual method for interest rate swaps are applied.

(d) Hedging relationships which apply “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR”

Among above (a) to (c), all hedging relationships included in the scope of applying the “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ Practical Solutions No.40, September 29, 2020) are subject to this exceptional treatment. The detail of the hedging relationships which apply the treatment are as follows.

Hedging method:	the deferred method, the fair-value hedge method or the exceptional accrual method
Hedging instruments:	interest-rate swaps, currency-swap transactions or exchange swap transactions, etc
Hedged instruments:	financial assets and liabilities, financial assets and liabilities denominated in foreign currencies, etc
The variety of Hedge transactions:	to offset market fluctuation risks, to fix the cash flows

(20) Consumption Taxes and other

With respect to MHFG and its domestic majority-owned consolidated subsidiaries and other consolidated subsidiaries, Japanese consumption taxes and local consumption taxes are excluded from transaction amounts.

## Changes in Accounting Policies

(Accounting Standard for Fair Value Measurement and Others)

MHFG has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30 July 4, 2019) and others from the beginning of the consolidated fiscal year ended March 31, 2021.

In accordance with Article 8 of “Accounting Standard for Fair Value Measurement”, the fair value adjustment method used to determine the fair value of derivatives is revised to maximize the use of relevant observable inputs estimated from derivatives and others traded in the market.

In accordance with Article 20 of “Accounting Standard for Fair Value Measurement”, the cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were reflected in Retained Earnings as of April 1, 2020.

As a result, Retained Earnings decreased by ¥32,639 million, Trading Assets decreased by ¥50,380 million, Derivatives other than for Trading Assets decreased by ¥6,379 million, Trading Liabilities decreased by ¥6,529 million, Derivatives other than for Trading Liabilities decreased by ¥3,184 million, Deferred Tax Assets increased by ¥14,405 million, and Net Assets per Share decreased by ¥12.87 as of April 1, 2020. The share consolidation was taken place at a ratio of ten pre-consolidation shares to one post-consolidation share on October 1, 2020. Net Asset per share is calculated under the assumption that the share consolidation had been taken place at the beginning of fiscal 2019.

And in accordance with the transitional treatment set forth in Article 19 of “Accounting Standard for Fair Value Measurement” and Article 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), MHFG has applied a new accounting policy prescribed by “Accounting Standard for Fair Value Measurement” and others from the consolidated fiscal year ended March 31, 2021.

As a result, in principle, while fair value of Japanese stocks was previously determined based on the average quoted market price over the month preceding the consolidated balance sheet date, from the end of the consolidated fiscal year ended March 31, 2021, fair value of Japanese stocks is determined based on the quoted market price as of the consolidated balance sheet date.

## Change in Presentation of Financial Statements

(Change in Presentation according to applying “Accounting Standard for Disclosure of Accounting Estimates”)

MHFG has applied “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31 March 31, 2020) from the end of this fiscal year, and has noted “Critical Accounting Estimate.”

## Critical Accounting Estimates

### 1. Reserves for Possible Losses on Loans

#### (1) Amount on Consolidated Balance Sheet as of March 31, 2021

Reserves for Possible Losses on Loans                      ¥575,572 million

#### (2) Information for understanding the contents of critical accounting estimates

##### (a) Calculating method

Calculation method is stated on “6. Standards of Accounting Method (7) Reserves for Possible Losses on Loans.”

In addition, we have updated the expected loss amount for portfolio with similar characteristics of credit risk, which are highly likely to incur losses. We judged the possibility to incur losses based on future prospects of external environments utilizing our credit risk management framework.

- (b) Major assumptions  
 Major assumptions are “earnings estimate of obligors used for internal ratings and discounted cash flows” and “future prospects of external environments used for updating the estimate of expected loss amount.”  
 “Earnings estimate of obligors used for internal ratings and discounted cash flows” has been determined according to obligor’s earnings, debt repayment status, industry characteristics, development and progress of business plan and obligor’s earnings capabilities based on the impact of COVID-19.  
 “Future prospects of external environments used for updating the estimate of expected loss amount” is determined based on macroeconomic scenario, etc. More specifically, we have reflected the potential impact of the spread of COVID-19 and its prolongation on Reserves for Possible Losses on Loans. For the relevant estimates, we used the future prospect of business environment of each industry and the forecasted GDP growth rate as major assumptions.
- (c) Impact on Consolidated Financial Statements for the following consolidated fiscal year  
 Due to the business trends in Japan and overseas and changes in the economic environment in certain industries, credit related costs may increase due to new portfolio problems that exceeds expectations, deterioration in the credit condition of obligors in certain industries, declines in the value of collateral and guarantees, etc.

## 2. Fair Value of Financial Instruments

- (1) Amount on Consolidated Balance Sheet as of March 31, 2021  
 The amount is stated on “(FINANCIAL INSTRUMENTS) 3. Matters relating to breakdown of fair value of financial instruments by level (1) Financial instruments recorded at fair value in the consolidated balance sheet.”
- (2) Information for understanding the contents of critical accounting estimates
- (a) Calculating method  
 Calculation method is stated on “(FINANCIAL INSTRUMENTS) 3. Matters relating to breakdown of fair value of financial instruments by level (1) Financial instruments recorded at fair value in the consolidated balance sheet (Note 1) Explanation of valuation techniques and valuation inputs used in fair value measurements.”
- (b) Major assumption  
 Major assumptions are the inputs used in the valuation model, and we may use observable inputs such as interest rates, exchange rates and market value of securities etc. and may also use unobservable inputs including significant estimates such as prepayment rate, default rate, recovery rate, discount rate, correlation and volatility, etc.
- (c) Impact on Consolidated Financial Statements for the following consolidated fiscal year  
 Due to changes in the inputs as major assumptions by the change of market environments, the fair value of financial instruments may increase or decrease.

## 3. Net Defined Benefit Asset and Net Defined Benefit Liability

- (1) Amount on Consolidated Balance Sheet as of March 31, 2021
- |                               |                    |
|-------------------------------|--------------------|
| Net Defined Benefit Asset     | ¥1,109,107 million |
| Net Defined Benefit Liability | ¥71,049 million    |

- (2) Information for understanding the contents of critical accounting estimates
  - (a) Calculating method

Mizuho Financial Group, majority-owned consolidated subsidiaries and other consolidated subsidiaries sponsor severance indemnities and pension plan as defined benefit plan. Net Defined Benefit Asset and Net Defined Benefit Liability is calculated based on a number of actuarial assumptions including mortality, withdrawals, discount rates, expected long-term rates of return on plan assets and rates of increase future compensation level.
  - (b) Major assumption

Major assumptions are actuarial assumptions. Net Defined Benefit Asset and Net Defined Benefit Liability is calculated based on a number of actuarial assumptions including mortality, withdrawals, discount rates, expected long-term rates of return on plan assets and rates of increase future compensation level.
  - (c) Impact on Consolidated Financial Statements for the following consolidated fiscal year

Differences in results and actuarial assumptions and changes major assumptions may affect Net Defined Benefit Asset and Net Defined Benefit Liability for the following consolidated fiscal year.

## **ADDITIONAL INFORMATION**

### **(The Board Benefit Trust (“BBT”) Program)**

Since MHFG operates its business to contribute to the creation of value for diverse stakeholders and realize 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 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 and Executive 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 framework consists of the stock compensation program based on the Company Group Officer’s position in their respective company (“Stock Compensation I”) and the stock compensation program based on the performance evaluation of the Company Group (“Stock Compensation II”). Stock Compensation I will be paid at the time of retirement in the form of shares of MHFG calculated based on their position. A system is adopted which enables a decrease or forfeiture of the amount depending on the performance of the company or the individual.

Stock Compensation II will be paid in the form of shares of MHFG and will be deferred over three years, which is calculated based on the status of achieving our Five-Year Business Plan. A system is adopted which enables a decrease or forfeiture of the amount depending on the performance of the company or the individual.

Upon the payment of stock compensation under the Program, MHFG may, for a certain portion, pay a monetary amount equivalent to the market value of its stock in lieu of stock compensation in accordance with the Rules on Distribution of Shares.

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, 2021 was ¥4,144 million for 2,544 thousand shares.

(Adoption of the Consolidated Taxation System)

MHFG and some domestic consolidated subsidiaries of the Group apply the accounting treatments on the premise of the adoption of the Consolidated Taxation System under "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (Practical Solutions No.5 January 16, 2015) and "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (Practical Solutions No.7 January 16, 2015) from the fiscal year ended March 31, 2021 because the adoption has been approved from fiscal 2021 by Commissioner of National Tax Agency.

(Application of tax-effect accounting to the Transition from the Consolidated Taxation System to the Group Aggregation System)

MHFG and some domestic consolidated subsidiaries of the Group record amounts of deferred tax assets and deferred tax liabilities based on the provisions of tax laws prior to amendment under the treatment in Paragraph 3 of "Treatment of the application of the tax-effect accounting in relation to the transition from the consolidated tax system to the aggregate group system" (Practical Solutions No.39 March 31, 2020), without applying the provisions of Paragraph 44 of "Guidance on Accounting Standard for tax-effect accounting" (Implementation Guidance No.28 February 16, 2018), regarding the tax items for which review of the non-consolidated Tax Payment System was implemented in accordance with the transition to the aggregated group system established under the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) and the transition to the aggregated group system.



## **NOTES**

### **(NOTES TO CONSOLIDATED BALANCE SHEET)**

1. The total amount of shares and investments in affiliates (excluding shares and investments in the majority-owned consolidated subsidiaries and other consolidated subsidiaries) is ¥348,892 million.
2. MHFG does not have unsecured loaned securities which the borrowers have the right to sell or repledge.  
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 total of securities repledged was ¥13,417,819 million and securities neither repledged nor re-loaned was ¥1,520,936 million.
3. Loans and Bills Discounted include Loans to Bankrupt Obligors of ¥19,554 million and Non-Accrual Delinquent Loans of ¥415,318 million.  
Loans to Bankrupt Obligors are loans, excluding loans written-off, on which delinquencies in payment of principal and/or interest have continued for a significant period of time or for some other reason there is no prospect of collecting principal and/or interest ("Non-Accrual Loans"), as per Article 96, Paragraph 1, Item 3, Subsections 1 to 5 or Item 4 of the Corporate Tax Law Enforcement Ordinance (Government Ordinance No. 97, 1965). Non-Accrual Delinquent Loans represent Non-Accrual Loans other than (i) Loans to Bankrupt Obligors and (ii) loans on which interest payments have been deferred in order to assist or facilitate the restructuring of the obligors.
4. Balance of Loans Past Due for Three Months or More: ¥534 million  
Loans Past Due for Three Months or More are loans on which payments of principal and/or interest have not been made for a period of three months or more since the next day following the first due date without such payments, and which are not included in Loans to Bankrupt Obligors, or Non-Accrual Delinquent Loans.
5. Balance of Restructured Loans: ¥377,049 million  
Restructured Loans represent loans whose contracts were amended in favor of obligors (e.g. reduction of, or exemption from, stated interest, deferral of interest payments, extension of maturity dates and renunciation of claims) in order to assist or facilitate the restructuring of the obligors. Loans to Bankrupt Obligors, Non-Accrual Delinquent Loans and Loans Past Due for Three Months or More are not included.
6. Total balance of Loans to Bankrupt Obligors, Non-Accrual Delinquent Loans, Loans Past Due for Three Months or More, and Restructured Loans: ¥812,457 million  
The amounts given in Notes 3 through 6 above are gross amounts before deduction of amounts for the Reserves for Possible Losses on Loans.
7. In accordance with JICPA Industry Audit Committee Report No. 24, bills discounted are accounted for as financing transactions. The majority-owned 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 ¥1,614,811 million.

8. The following assets were pledged as collateral:
- |                             |                     |
|-----------------------------|---------------------|
| Trading Assets:             | ¥2,217,478 million  |
| Securities:                 | ¥6,913,993 million  |
| Loans and Bills Discounted: | ¥10,142,050 million |
- The following liabilities were collateralized by the above assets:
- |  |                    |
|--|--------------------|
| Deposits:                                    | ¥764,255 million   |
| Payables under Repurchase Agreements:        | ¥6,333,580 million |
| Guarantee Deposits Received under Securities |                    |
| Lending Transactions:                        | ¥935,121 million   |
| Borrowed Money:                              | ¥6,282,906 million |

In addition to the above, 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 ¥63,463 million, Trading Assets of ¥179,925 million, Securities of ¥3,353,832 million, and Loans and Bills Discounted of ¥99,964 million.

Other Assets includes margins for futures transactions of ¥185,323 million, guarantee deposits of ¥110,674 million, and collateral pledged for financial instruments and others of ¥1,886,061 million.

9. Overdraft protection on current accounts and contracts of the commitment line for loans are contracts by which majority-owned 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 ¥107,724,379 million. Of this amount, ¥80,332,843 million relates 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 majority-owned 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 majority-owned banking subsidiaries require collateral such as real estate and securities when deemed necessary at the time the contract is 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.

10. In accordance with the Land Revaluation Law (Proclamation No.34 dated March 31, 1998), land used for business operations of domestic majority-owned 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 ¥51,009 million.

11. Accumulated Depreciation of Tangible Fixed Assets amounted to ¥875,674 million.
12. The book value of Tangible Fixed Assets adjusted for gains on sales of replaced assets and others amounted to ¥32,485 million.
13. Borrowed Money includes subordinated borrowed money of ¥213,000 million with a covenant that performance of the obligation is subordinated to that of other obligations.
14. Bonds and Notes includes subordinated bonds of ¥3,796,982 million.
15. The principal amounts of money trusts with contracts indemnifying the principal amounts, which are entrusted to domestic majority-owned consolidated trust banking subsidiaries, are ¥842,669 million.
16. 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) amounted to ¥1,407,731 million.

#### **(NOTES TO CONSOLIDATED STATEMENT OF INCOME)**

1. Other Ordinary Income includes gains on sales of stocks of ¥204,293 million.
2. Other Ordinary Expenses includes losses on sales of stocks of ¥147,457 million.

## (NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS)

1. Types and number of issued shares and of treasury stock are as follows:

<i>Thousands of Shares</i>					
	As of April 1, 2020	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2021	Remarks
Issued shares					
Common stock	25,392,498	-	22,853,249	2,539,249	*1,2
Total	25,392,498	-	22,853,249	2,539,249	
Treasury stock					
Common stock	32,106	14,585	42,802	3,889	*1,3
Total	32,106	14,585	42,802	3,889	

\*1 MHFG adopted the share consolidation of the shares of common stock on the basis of one post-consolidation share per ten pre-consolidation shares effective as of October 1, 2020.

\*2 Decrease is due to the share consolidation of the shares of common stock.

\*3 Increases are due to acquisition of treasury stock by BBT trust account (10,958 thousand shares) and repurchase of shares constituting less than one unit and other factors (3,627 thousand shares). Decreases are due to the share consolidation of the shares of common stock (34,814 thousand shares), distribution and sale of treasury stock through BBT trust account (5,032 thousand shares), exercise of stock acquisition rights (stock options) (420 thousand shares), and repurchase of shares constituting less than one unit and other factors (2,535 thousand shares). The number of shares as of March 31, 2021 includes the number of treasury stock held by BBT trust account (2,554 thousand shares).

2. 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, 2021 (Millions of yen)	Remarks
			As of April 1, 2020	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2020		
MHFG	Stock acquisition rights (Treasury stock acquisition rights)	-	-	-	-	-		
	Stock acquisition rights as stock option		-			134		
Majority-owned consolidated subsidiaries and other consolidated subsidiaries (Treasury stock acquisition rights)			-			-		
Total			-			134		

3. Cash dividends distributed by MHFG are as follows:

(1) Cash dividends paid during the fiscal year ended March 31, 2021

Resolution	Type	Cash Dividends (Millions of yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
May 15, 2020 (The Board of Directors)	Common Stock	95,208	3.75	March 31, 2020	June 8, 2020
November 12, 2020 (The Board of Directors)	Common Stock	95,209	3.75	September 30, 2020	December 7, 2020
Total		190,418			

Notes 1: Cash Dividends based on the resolution of the Board of Directors held on May 15, 2020 include ¥73 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 12, 2020 include ¥95 million of cash dividends on treasury stock held by BBT trust account.

3: MHFG adopted the share consolidation of the shares of common stock on the basis of one post-consolidation share per ten pre-consolidation shares effective as of October 1, 2020. Cash Dividends per Share is recorded at the amount before the share consolidation.

(2) Cash dividends with record dates falling in the fiscal year ended March 31, 2021 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 14, 2021 (The Board of Directors)	Common Stock	95,201	Retained Earnings	37.50	March 31, 2021	June 8, 2021

Note: Cash Dividends based on the resolution of the Board of Directors held on May 14, 2021 include ¥95 million of cash dividends on treasury stock held by BBT trust account.

## (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 majority-owned consolidated subsidiaries and other 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

##### ① 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.

② 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.

③ 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, 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"). Our principal banking subsidiaries have established guidelines to manage "credit concentration risk," which stems from granting excessive credit to certain corporate groups.

The Board of Directors of each of our principal banking subsidiaries and other core group companies determines key matters pertaining to credit risk management 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.

④ 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.



⑤ Situation of Market Risk

i. Banking business

The following table shows the VAR figures relating to our banking activities for the fiscal year indicated:

(Billions of yen)

	Fiscal year ended March 31, 2021
As of fiscal year end	249.4
Maximum	501.7
Minimum	224.0
Average	346.5

【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 year indicated:

(Billions of yen)

	Fiscal year ended March 31, 2021
As of fiscal year end	2.7
Maximum	9.1
Minimum	2.4
Average	5.4

【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) for the fiscal year ended March 31, 2021 is ¥24.6 billion.

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.

⑥ Liquidity Risk Management

Our liquidity risk management structure is generally the same as the market risk management structure described above (“Item ④ 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

Since certain assumptions and others are adopted for calculating fair values of financial instruments, 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, 2021. Stocks and others without a quoted market price and Investments in Partnerships and others are excluded from the table below (see (Note 1)). In addition, notes concerning Cash and Due from Banks, Call Loans and Bills Purchased, Receivables under Resale Agreements, Guarantee Deposits Paid under Securities Borrowing Transactions, Call Money and Bills Sold, Payables under Repurchase Agreements, Guarantee Deposits Received under Securities Lending Transactions, and Due to Trust Accounts are omitted since these instruments are mainly settled in the short term and the fair values approximate the book values.

(Millions of yen)

	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Other Debt Purchased	3,208,004	3,208,136	132
(2) Trading Assets			
Trading Securities	6,421,348	6,421,348	—
(3) Money Held in Trust	579,764	579,764	—
(4) Securities			
Bonds Held to Maturity	885,529	903,599	18,069
Other Securities	41,681,945	41,681,945	—
(5) Loans and Bills Discounted	83,704,675		
Reserves for Possible Losses on Loans (*1)	(513,832)		
	83,190,843	84,213,843	1,023,000
<b>Total Assets</b>	<b>135,967,435</b>	<b>137,008,638</b>	<b>1,041,203</b>
(1) Deposits	133,312,406	133,303,018	(9,387)
(2) Negotiable Certificates of Deposit	17,192,572	17,191,241	(1,331)
(3) Trading Liabilities			
Securities Sold, Not yet Purchased	2,402,420	2,402,420	—
(4) Borrowed Money	7,441,822	7,435,289	(6,533)
(5) Bonds and Notes	10,321,672	10,529,372	207,700
<b>Total Liabilities</b>	<b>170,670,893</b>	<b>170,861,341</b>	<b>190,447</b>
Derivative Transactions (*2)			
Derivative Transactions not Qualifying for Hedge Accounting	272,522		
Derivative Transactions Qualifying for Hedge Accounting (*3)	124,703		
<b>Total Derivative Transactions</b>	<b>397,225</b>	<b>397,225</b>	<b>—</b>

(\*1) General and specific reserves for possible losses on loans relevant to Loans and Bills Discounted are excluded. Items other than Loans and Bills Discounted are recorded at the consolidated balance sheet amounts due to immateriality of their reserves.

(\*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.

(\*3) The deferred method is mainly applied. "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Solutions No.40, September 29, 2020) is applied to these hedge transactions.

(Note 1) The following are the consolidated balance sheet amounts of Stocks and others without a quoted market price, and Investments in Partnerships and others. These amounts are not included in Money Held in Trust and Other Securities in fair value information of financial instruments.

(Millions of yen)

Category	Consolidated Balance Sheet Amount
Stocks and others without a quoted market price (*1)	479,094
Investments in Partnerships and others(*2)	304,404

\*1 Stocks and others without a quoted market price include unlisted stocks and others and in accordance with Article 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, July 4, 2019), these items are not subject to disclosure of the fair value.

\*2 Investments in Partnerships and others are mainly silent partnership, investment partnership, and money held in trust with the investment in a silent partnership as the component of the trust property. In accordance with Article 27 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019), these items are not subject to disclosure of the fair value.

3 During the fiscal year ended March 31, 2021, the amount of impairment (devaluation) was ¥4,490 million on a consolidated basis.

### 3. Matters relating to breakdown of fair value of financial instruments by level

Fair values of financial instruments are categorized into three levels as below on the basis of the observability and the materiality of the valuation inputs used in fair value measurements.

Fair values of Level 1: Fair values measured by quoted prices of the assets or liabilities being measured which are given in active markets among observable valuation inputs

Fair values of Level 2: Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs

Fair values of Level 3: Fair values measured by unobservable valuation inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels in which each of the inputs belongs.

## (1) Financial instruments recorded at fair value in the consolidated balance sheet

As of March 31, 2021

(Millions of yen)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Other Debt Purchased	—	46,102	636,815	682,918
Trading Assets				
Trading Securities				
Japanese Government Bonds	1,797,490	11,106	—	1,808,597
Japanese Local Government Bonds	—	108,835	—	108,835
Japanese Corporate Bonds	—	1,518,933	1,897	1,520,830
Stocks	98,183	0	223	98,407
Other	770,911	1,879,783	130,532	2,781,227
Money Held in Trust	—	551,395	3	551,399
Securities				
Other Securities				
Stocks	2,857,921	—	8,063	2,865,985
Japanese Government Bonds	20,597,775	322,807	—	20,920,582
Japanese Local Government Bonds	—	463,559	—	463,559
Japanese Corporate Bonds	—	653,764	2,107,142	2,760,906
Foreign Bonds	5,157,651	6,502,601	773,659	12,433,912
Other	40,067	—	13,920	53,988
Derivative Transactions				
Interest Rate and Bond-Related Transactions	57,102	4,601,052	28,902	4,687,057
Currency-Related Transactions	—	3,305,074	25,583	3,330,657
Stocks-Related Transactions	168,398	338,917	48,563	555,879
Commodity-Related Transactions	3,538	8,339	17,472	29,350
Credit Derivative Transactions	—	91,452	3,002	94,454
Total Assets	31,549,042	20,403,726	3,795,782	55,748,550
Trading Liabilities				
Securities Sold, Not yet Purchased	2,082,161	264,577	132	2,346,872
Derivative Transactions				
Interest Rate and Bond-Related Transactions	57,232	4,412,401	3,960	4,473,594
Currency-Related Transactions	—	3,323,191	725	3,323,916
Stocks-Related Transactions	200,835	116,626	45,119	362,581
Commodity-Related Transactions	—	9,443	16,631	26,075
Credit Derivative Transactions	—	112,257	1,750	114,007
Total Liabilities	2,340,229	8,238,497	68,319	10,647,046

(\*) Investment trust and others applying the transitional measures set forth in Article 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019) are not included in above table. The financial assets and liabilities of the relevant investment trust and others in the consolidated balance sheet is ¥2,307,126 million and ¥55,548 million.

(2) Financial instruments other than financial instruments recorded at fair value in the consolidated balance sheet

As of March 31, 2021

(Millions of yen)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Other Debt Purchased	—	11,397	2,513,688	2,525,086
Money Held in Trust	—	—	7,700	7,700
Securities				
Bonds Held to Maturity				
Japanese Government Bonds	489,514	—	—	489,514
Foreign Bonds	—	414,085	—	414,085
Loans and Bills Discounted	—	—	84,213,843	84,213,843
<b>Total Assets</b>	<b>489,514</b>	<b>425,482</b>	<b>86,735,232</b>	<b>87,650,229</b>
Deposits	—	133,303,018	—	133,303,018
Negotiable Certificates of Deposit	—	17,191,241	—	17,191,241
Borrowed Money	—	7,349,171	86,117	7,435,289
Bonds and Notes	—	9,712,019	817,353	10,529,372
<b>Total Liabilities</b>	<b>—</b>	<b>167,555,450</b>	<b>903,470</b>	<b>168,458,921</b>

(Note 1) Explanation of valuation techniques and valuation inputs used in fair value measurements

#### Assets

##### Other Debt Purchased

Fair values of securitized products 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 and are categorized as Level 3 when significant unobservable valuation inputs are used for the obtained price and as Level 2 when other inputs are used.

With respect to other debt purchased other than those described above, when the present values of the expected future cash flows are considered to be fair values, those other debt purchased are mainly categorized as Level 3 since the discount rate and other significant valuation inputs are unobservable. When those are short term in nature and the book values are considered to be fair values, those other debt purchased are categorized as Level 3.

##### Trading Assets

Fair values of trading assets for which unadjusted quoted market prices in active markets are available are categorized as Level 1, which includes mainly government bonds.

In the case the market is inactive even if the quoted market price is available, those trading assets are categorized as Level 2, which includes mainly local government bonds and corporate bonds.

When fair values are measured at the present value of the expected future cash flows and others using significant unobservable inputs, those trading assets are categorized as Level 3, which includes mainly bonds with warrants and trust beneficiary rights.

#### Money Held in Trust

With respect 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 stocks are measured at the price in stock exchanges and bonds are measured at market price or valuation price obtained from brokers or financial information vendors and are categorized as Level 2 or Level 3 based on the level of components.

#### Securities

Fair values of securities for which unadjusted quoted market prices in active markets are available are categorized as Level 1 which includes mainly stocks and government bonds. In the case the market is inactive even if the quoted market price is available, those securities are categorized as Level 2, which includes mainly local government bonds and corporate bonds.

Fair values of investment trusts are measured at the disclosed net asset value and others. Those are not categorized into Levels by applying the transitional measures set forth in Article 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurements."

Fair values of private placement bonds are measured 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 based on the internal ratings and terms and are mainly categorized as Level 3 since the discount rate is unobservable.

Fair values of securitized products are based on valuations obtained from brokers and others, and reasonably measured prices based on the reasonable estimates of our management and are categorized as Level 3 when significant unobservable valuation inputs are used and as Level 2 when other inputs are used. In deriving reasonably measured 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, prepayment rates, and discount rates.

#### Loans and Bills Discounted

Fair values of loans and bills discounted are measured 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 types, internal ratings and terms of the loans and bills discounted and are categorized as Level 3 since the discount rate is unobservable.

In addition, fair values of claims against bankrupt obligors, substantially bankrupt obligors, and intensive control obligors whose bad debts are measured at the present value of the expected future cash flows or the estimated amounts calculated based on the recoverability from collateral and guarantees approximate the amount of claims 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 those amount are considered to be fair values which are categorized as Level 3.

Among 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, book values are considered to be fair values since fair values are expected to approximate book values based on the estimated loan periods, interest rates and other conditions. Fair values of those loans and bills discounted are categorized as Level 3.



## Liabilities

### Deposits and Negotiable Certificates of Deposit

For demand deposits, the payment amounts required on the consolidated balance sheet date (i.e., book values) are considered to be fair values.

In addition, fair values of time 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 market interest rates. Since fair values of those whose deposit terms are short (i.e., within six months) approximate book values, the book values are considered to be fair values and those fair values are categorized as Level 2.

### Trading Liabilities

Fair values of trading liabilities for which unadjusted quoted market prices in active markets are available are categorized as Level 1, which includes mainly listed stocks and government bonds.

In the case the market is inactive even if the quoted market price is available, those trading liabilities are categorized as Level 2, which includes mainly corporate bonds.

When significant unobservable inputs are used, those trading liabilities are categorized as Level 3.

### Borrowed Money

Fair values of borrowed money are measured mainly by discounting the total amount of the principal and interest of such borrowed money classified by period lengths at the interest rates considered to be applicable to similar loans and are categorized as Level 3 when the impact from unobservable valuation inputs is significant and as Level 2 when it is not significant.

### Bonds and Notes

With respect to bonds and notes issued by MHFG and its majority-owned consolidated subsidiaries and other consolidated subsidiaries, fair values of bonds and notes with market prices are measured at the market prices and fair values of those without market prices are calculated by discounting the total amount of the principal and interest at the interest rates considered to be applicable to similar bonds and notes. Bonds and notes with market prices are categorized as Level 2. Those without market prices are categorized as Level 3 when the impact from unobservable valuation inputs is significant and as Level 2 when it is not significant.

### Derivative Transactions

Derivative transactions that can be measured at unadjusted quoted prices in active markets are categorized as Level 1, which includes such transactions as bonds futures and interest rate futures.

However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, market values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques are interest rate, currency rate, volatility and others. In addition, price adjustments based on credit risk of counterparty and credit risk of majority-owned consolidated subsidiaries and other consolidated subsidiaries themselves and price adjustments for unsecured funding are made. When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are categorized as Level 2, which includes such transactions as plain vanilla interest rate swaps and foreign exchange forwards. When significant unobservable inputs are used,

transactions are categorized as Level 3, which includes transactions such as commodity related transactions.

**(PER SHARE INFORMATION)**

Net Assets per Share of Common Stock	¥3,650.87
Profit Attributable to Owners of Parent per Share of Common Stock	¥185.75
Diluted Profit Attributable to Owners of Parent per Share of Common Stock	¥185.75

Note1: MHFG adopted the share consolidation of the shares of common stock on the basis of one post-consolidation share per ten pre-consolidation shares effective as of October 1, 2020. Net Assets per Share of Common Stock, Profit Attributable to Owners of Parent per Share of Common Stock and Diluted Profit Attributable to Owners of Parent per Share of Common Stock are calculated under the assumption that the share consolidation had been adopted at the beginning of fiscal 2020.

Note2: 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 as of March 31, 2021. The number of such Treasury Stock shares deducted during the period is 2,554 thousand.

In the calculation of Net Income per Share of Common Stock and Diluted Net Income 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 2,350 thousand.

## [NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS]

### BASIS FOR PRESENTATION AND PRINCIPLES OF PREPARATION OF NON-CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Valuation of Securities

Investments in subsidiaries and affiliates are stated at acquisition cost and determined by the moving average method. Other Securities are stated at market price. Stocks and others without a quoted market price are stated at acquisition cost and determined by the moving average method.

Unrealized Gains and Losses on Other Securities are recorded directly to Net Assets.

#### 2. Depreciation and Amortization of Fixed Assets

##### (1) Tangible Fixed Assets

Depreciation of Buildings is computed by the straight-line method, and that of Equipment is computed by the declining-balance method with the following range of useful lives.

Buildings: 6 years to 50 years

Equipment: 2 years to 15 years

##### (2) Intangible Fixed Assets

Trademarks are amortized under the straight-line method over ten years.

Development costs for internally-used software are capitalized and amortized under the straight-line method over their estimated useful lives of five years.

#### 3. Deferred Assets

Bond issuance costs are expensed as incurred.

#### 4. Reserves

##### (1) 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.

##### (2) 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 and executive officers of Mizuho Financial Group, Inc., the estimated payment based on the standard amount regarding variable compensation of this fiscal year is provided.

##### (3) Reserve for Employee Retirement Benefits

Reserve for Employee Retirement Benefits, which is provided for future benefit payments to employees, is recorded as the required amount, based on the projected benefit obligation and the estimated plan asset amounts at the end of the fiscal year. 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 prior service cost and unrecognized actuarial differences are recognized as follows:

Unrecognized prior service cost: Recognized as expenses in the period of occurrence.

Unrecognized actuarial differences: Recognized as income or expenses from the following fiscal year under the straight-line method over a certain term (ten years) within the average remaining service period of the employees of the respective fiscal years.

5. Fundamental and Important Matters for the Preparation of Non-Consolidated Financial Statements

(1) Accounting Method for Retirement Benefits

The accounting method for unrecognized actuarial differences of Retirement Benefits differs from that applied in the consolidated financial statements.

(2) Consumption Taxes and Local Consumption Taxes

Consumption taxes and local consumption taxes are excluded from transaction amounts.

## ADDITIONAL INFORMATION

### 1. Adoption of the Consolidated Taxation System

MHFG applies the accounting treatments on the premise of the adoption of the Consolidated Taxation System under “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Practical Solutions No.5 January 16, 2015) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (Practical Solutions No.7 January 16, 2015) from the fiscal year ended March 31, 2021 because the adoption has been approved from fiscal 2021 by Commissioner of National Tax Agency.

### 2. Application of tax-effect accounting to the Transition from the Consolidated Taxation System to the Group Aggregation System

MHFG records amounts of deferred tax assets and deferred tax liabilities based on the provisions of tax laws prior to amendment under the treatment in Paragraph 3 of “Treatment of the application of the tax-effect accounting in relation to the transition from the consolidated tax system to the aggregate group system” (Practical Solutions No.39 March 31, 2020), without applying the provisions of Paragraph 44 of “Guidance on Accounting Standard for tax-effect accounting” (Implementation Guidance No.28 February 16, 2018), regarding the tax items for which review of the non-consolidated Tax Payment System was implemented in accordance with the transition to the aggregated group system established under the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and the transition to the aggregated group system.

## NOTES TO NON-CONSOLIDATED BALANCE SHEET

1. Amounts less than one million yen are rounded down.
2. Assets pledged as collateral accounted for ¥22,015 million of Investments.
3. Accumulated depreciation of Tangible Fixed Assets amounted to ¥4,762 million.  
Accumulated amortization of Intangible Fixed Assets amounted to ¥10,531 million.
4. Bonds and Notes includes ¥3,155,040 million of subordinated bonds.
5. Long-term Borrowings consists of subordinated borrowings with a covenant that performance of the obligation is subordinated to that of other obligations.
6. Contingent liability
  - (1) MHFG has guaranteed the senior bond denominated in U.S. dollars issued by Mizuho Bank, Ltd., a subsidiary of MHFG. The amount of the guarantee is ¥334,711 million.
  - (2) MHFG has guaranteed on a subordinated basis the principal of and interest on the subordinated notes issued by Mizuho Financial Group (Cayman) 2 Limited and Mizuho Financial Group (Cayman) 3 Limited that are MHFG's subsidiaries.

Mizuho Financial Group (Cayman) 2 Limited	¥167,446 million
Mizuho Financial Group (Cayman) 3 Limited	¥166,121 million
  - (3) Based upon the regulations of the German Deposit Protection Fund, MHFG has submitted to the Association of German Banks a letter of indemnity to recompense the Association regarding deposits of the German branches of Mizuho Bank, Ltd. that is MHFG's subsidiary if necessary.

Mizuho Bank, Ltd.	¥52,989 million
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  - (4) Regarding Joint Euro Medium Term Notes Programme with Mizuho Securities Co., Ltd., Mizuho International plc, and Mizuho Securities USA LLC that are MHFG's subsidiaries, MHFG has concluded a keepwell agreement with each company jointly with Mizuho Bank, Ltd. that is MHFG's subsidiary. The Bonds based on keepwell agreements on this programme amounted to ¥907,606 million.
  - (5) MHFG has guaranteed the bond trading transaction conducted by Mizuho Securities, Co., Ltd. that is MHFG's subsidiary. The amount of the guarantee is ¥6,000 million.
7. Short-term monetary claims against subsidiaries and affiliates amounted to ¥77,401 million.  
Short-term monetary liabilities against subsidiaries and affiliates amounted to ¥853,022 million.  
Long-term monetary claims against subsidiaries and affiliates amounted to ¥7,852,625 million.  
Long-term monetary liabilities against subsidiaries and affiliates amounted to ¥20,116 million.

## NOTES TO NON-CONSOLIDATED STATEMENT OF INCOME

1. Amounts less than one million yen are rounded down.
2. Transactions with subsidiaries and affiliates
 

Operating transactions	
Operating Income	¥268,904 million
Operating Expenses	¥4,126 million
Other than operating transactions	¥134,961 million
3. Accumulation (Amortization) of Unrecognized Prior Service Cost resulted from prior service cost incurred in connection with the revision of the retirement benefit plan.
4. Losses on Transfer to Defined Contribution Pension Plan resulted from the transfer of part of the defined benefit pension plan to the defined contribution pension plan.

## NOTES TO NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

1. Amounts less than one million yen are rounded down.
2. Types and number of treasury stock are as follows:

	<i>Thousands of Shares</i>				
	As of April 1, 2020	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2021	Remarks
Treasury stock					
Common stock	23,259	11,220	31,371	3,107	Note
Total	23,259	11,220	31,371	3,107	

Note: MHFG adopted the share consolidation of the shares of common stock on the basis of one post-consolidation share per ten pre-consolidation shares effective as of October 1, 2020. Increases are due to acquisition of treasury stock by BBT trust account (10,958 thousand shares) and repurchase of shares constituting less than one unit (262 thousand shares). Decreases are due to the share consolidation (25,907 thousand shares), distribution and sale of treasury stock through BBT trust account (5,032 thousand shares), exercise of stock acquisition rights (stock options) (420 thousand shares), and repurchase of shares constituting less than one unit (12 thousand shares). The number of shares as of March 31, 2021 includes the number of treasury stock held by BBT trust account (2,554 thousand shares).

## NOTES TO DEFERRED TAXES

### Breakdown of Deferred Tax Assets/Liabilities

	<i>Millions of yen</i>
Deferred Tax Assets	
Investments in Subsidiaries and Affiliates	¥343,990
Other	13,781
Sub-total of Deferred Tax Assets	357,772
Valuation Allowance	(346,327)
Total Deferred Tax Assets	11,444
Deferred Tax Liabilities	
Prepaid Pension Cost	(8,256)
Gains on Sales of Fixed Assets	(3,459)
Other	(1)
Total Deferred Tax Liabilities	(11,716)
Net Deferred Tax Liabilities	¥(271)

## NOTES TO PER SHARE INFORMATION

- |   |           |
|---|-----------|
| 1. Total Net Assets per Share of Common Stock | ¥2,128.26 |
| 2. Net Income per Share of Common Stock       | ¥89.36    |

Note: MHFG adopted the share consolidation of the shares of common stock on the basis of one post-consolidation share per ten pre-consolidation shares effective as of October 1, 2020. Total Net Assets per Share of Common Stock and Net Income per Share of Common Stock are calculated under the assumption that the share consolidation had been adopted at the beginning of fiscal 2020.