

Composition of Capital Disclosure

Mizuho Financial Group [Consolidated]
As of December 31, 2017

(in million yen, in percentage)

Basel III Template No.	Items	As of December 31, 2017	Amounts excluded under transitional arrangements	As of September 30, 2017	Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves (1)					
1a+2-1c-26	Directly issued qualifying common share capital plus related stock surplus and retained earnings	7,286,296		7,126,803	
1a	of which: capital and stock surplus	3,391,306		3,391,317	
2	of which: retained earnings	3,901,041		3,837,147	
1c	of which: treasury stock (-)	6,052		6,475	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	-		95,186	
	of which: other than above	-		-	
1b	Subscription rights to common shares	1,163		1,173	
3	Accumulated other comprehensive income and other disclosed reserves	1,459,941	364,985	1,296,157	324,039
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	18,870		14,173	
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to phase-out arrangements	22,402		23,889	
	of which: amount allowed in group CET1 capital subject to phase-out arrangements on common share capital issued by subsidiaries and held by third parties	22,402		23,889	
6	Common Equity Tier 1 capital: instruments and reserves (A)	8,788,674		8,462,197	
Common Equity Tier 1 capital: regulatory adjustments (2)					
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	639,658	159,914	635,819	158,954
8	of which: goodwill (net of related tax liability, including those equivalent)	71,057	17,764	73,542	18,385
9	of which: other intangibles other than goodwill and mortgage servicing rights (net of related tax liability)	568,601	142,150	562,276	140,569
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	36,707	9,176	35,022	8,755
11	Deferred gains or losses on derivatives under hedge accounting	(26,683)	(6,670)	(6,171)	(1,542)
12	Shortfall of eligible provisions to expected losses	58,100	14,527	31,942	7,990
13	Securitization gain on sale	41	10	45	11
14	Gains and losses due to changes in own credit risk on fair valued liabilities	1,926	481	1,856	464
15	Net defined benefit asset	446,318	111,579	458,030	114,507
16	Investments in own shares (excluding those reported in the net assets section)	5,465	1,366	4,373	1,093
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	29,173	7,293	20,679	5,169
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	-	-
19	of which: significant investments in the common stock of financials	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of financials	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	1,190,709		1,181,599	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B) (C))	7,597,964		7,280,598	
Additional Tier 1 capital: instruments (3)					
30	31a Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards and the breakdown	-		-	
	31b Subscription rights to Additional Tier 1 instruments	-		-	
	32 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	1,220,000		1,220,000	
	Qualifying Additional Tier 1 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	-		-	
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	32,743		30,283	
33+35	Eligible Tier 1 capital instruments subject to phase-out arrangements included in Additional Tier 1 capital: instruments	577,500		577,500	
33	of which: directly issued capital instruments subject to phase out from Additional Tier 1	577,500		577,500	
35	of which: instruments issued by subsidiaries subject to phase out	-		-	
	Total of items included in Additional Tier 1 capital: instruments subject to phase-out arrangements	(14,012)		(15,115)	
	of which: foreign currency translation adjustments	(14,012)		(15,115)	
36	Additional Tier 1 capital: instruments (D)	1,816,230		1,812,667	
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	1,040	260	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	159	39	97	24
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	58,800	14,700	58,800	14,700
	Total of items included in Additional Tier 1 capital: regulatory adjustments subject to phase-out arrangements	32,337		29,557	
	of which: goodwill equivalent	14,356		14,508	
	of which: intangible fixed assets recognized as a result of a merger	10,707		11,044	
	of which: capital increase due to securitization transactions	10		11	
	of which: 50% of excess of expected losses relative to eligible reserves by banks adopting internal ratings-based approach	7,262		3,992	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-	
43	Additional Tier 1 capital: regulatory adjustments (E)	92,337		88,455	
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E) (F))	1,723,893		1,724,212	
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F) (G))	9,321,858		9,004,810	

(in million yen, in percentage)

Basel III Template No.	Items	As of December 31, 2017	Amounts excluded under transitional arrangements	As of September 30, 2017	Amounts excluded under transitional arrangements
Tier 2 capital: instruments and provisions (4)					
46	Directly issued qualifying Tier 2 instruments plus related stock surplus of which: classified as equity under applicable accounting standards and the breakdown	-		-	
	Subscription rights to Tier 2 instruments	-		-	
	Directly issued qualifying Tier 2 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	828,787		828,555	
	Tier 2 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	169,575		169,110	
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	11,796		10,117	
47+49	Eligible Tier 2 capital instruments subject to phase-out arrangements included in Tier 2: instruments and provisions	737,546		768,789	
47	of which: directly issued capital instruments subject to phase out from Tier 2	154,159		162,256	
49	of which: instruments issued by subsidiaries subject to phase out	583,387		606,532	
50	Total of general allowance for loan losses and eligible provisions included in Tier 2	4,288		4,639	
50a	of which: general allowance for loan losses	4,288		4,639	
50b	of which: eligible provisions	-		-	
	Total of items included in Tier 2 capital: instruments and provisions subject to phase-out arrangements	223,175		193,665	
	of which: 45% of unrealized gains on other securities	204,180		174,670	
	of which: 45% of revaluation reserve for land	18,994		18,994	
51	Tier 2 capital: instruments and provisions (H)	1,975,169		1,974,876	
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	345	86	1,658	414
53	Reciprocal cross-holdings in Tier 2 instruments	-	-	-	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	11,071	2,767	8,678	2,169
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-	-
	Total of items included in Tier 2 capital: regulatory adjustments subject to phase-out arrangements	25,506		22,675	
	of which: investments in the capital banking, financial and insurance entities	18,243		18,682	
	of which: 50% of excess of expected losses relative to eligible reserves by banks adopting internal ratings-based approach	7,262		3,992	
57	Tier 2 capital: regulatory adjustments (I)	36,923		33,011	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)-(J))	1,938,245		1,941,864	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	11,260,104		10,946,675	
Risk weighted assets (5)					
	Total of items included in risk weighted assets subject to phase-out arrangements	265,978		262,706	
	of which: intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	131,442		129,524	
	of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	9,176		8,755	
	of which: net defined benefit asset	111,579		114,507	
	of which: investments in the capital banking, financial and insurance entities	13,779		9,918	
60	Risk weighted assets (L)	63,414,867		61,695,509	
Capital ratio (consolidated)					
61	Common Equity Tier 1 capital ratio (consolidated) ((C)/(L))	11.98%		11.80%	
62	Tier 1 capital ratio (consolidated) ((G)/(L))	14.69%		14.59%	
63	Total capital ratio (consolidated) ((K)/(L))	17.75%		17.74%	
Regulatory adjustments (6)					
72	Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)	767,931		731,117	
73	Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting)	133,830		127,552	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-		-	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	80,813		176,254	
Provisions included in Tier 2 capital: instruments and provisions (7)					
76	Provisions (general allowance for loan losses)	4,288		4,639	
77	Cap on inclusion of provisions (general allowance for loan losses)	49,780		46,794	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	-		-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	305,808		299,418	
Capital instruments subject to phase-out arrangements (8)					
82	Current cap on AT1 instruments subject to phase-out arrangements	1,041,569		1,041,569	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	-		-	
84	Current cap on T2 instruments subject to phase-out arrangements	843,530		843,530	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	-		-	