

# Information Material related to Risk Management (March 2014)

Mizuho Financial Group



## Forward-looking Statements

This presentation contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimates, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance. In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “endeavor,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target” and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions.

We may not be successful in implementing our business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including, without limitation: incurrence of significant credit-related costs; declines in the value of our securities portfolio; changes in interest rates; foreign currency fluctuations; decrease in the market liquidity of our assets; revised assumptions or other changes related to our pension plans; a decline in our deferred tax assets; the effect of financial transactions entered into for hedging and other similar purposes; failure to maintain required capital adequacy ratio levels; downgrades in our credit ratings; our ability to avoid reputational harm; our ability to implement our Medium-term Business Plan, realize the synergy effects of ‘One MIZUHO’ and implement other strategic initiatives and measures effectively; the effectiveness of our operational, legal and other risk management policies; the effect of changes in general economic conditions in Japan and elsewhere; and changes to applicable laws and regulations.

Further information regarding factors that could affect our financial condition and results of operations is included in “Item 3.D. Key Information—Risk Factors” and “Item 5. Operating and Financial Review and Prospects” in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission (“SEC”) and our report on Form 6-K furnished to the SEC on January 27th, 2014, both of which are available in the Financial Information section of our web page at [www.mizuho-fg.co.jp/english/](http://www.mizuho-fg.co.jp/english/) and also at the SEC’s web site at [www.sec.gov](http://www.sec.gov).

We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by the rules of the Tokyo Stock Exchange.

### Definitions

New Bank (Mizuho Bank) was established on July 1st, 2013 through the merger between former Mizuho Bank and former Mizuho Corporate Bank (surviving entity)

Figures of Mizuho Bank for 1H FY2013 include those of former Mizuho Bank before the merger for 1Q FY2013

Figures for the previous periods are simple aggregate figures of former Mizuho Bank and former Mizuho Corporate Bank

FG: Mizuho Financial Group, Inc.

BK: Mizuho Bank, Ltd.

CB: Mizuho Corporate Bank, Ltd.

TB: Mizuho Trust & Banking Co., Ltd.

SC: Mizuho Securities Co., Ltd.

IS: Mizuho Investors Securities Co., Ltd.

former BK: BK before the merger with CB

former CB: CB before the merger with BK

former SC: SC before the merger with IS

former IS: IS before the merger with SC

2 Banks: Aggregate figures for BK and TB on a non-consolidated basis

BK+TB: Aggregate figures for BK and TB on a non-consolidated basis

BK+TB+SC: Aggregate figures for BK, TB and SC (including major subsidiaries) on a non-consolidated basis

Unless otherwise specified, the financial figures used in this presentation are based on Japanese GAAP

This presentation does not constitute a solicitation of an offer for acquisition or an offer for sale of any securities

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# 1. Major Risk Types and Management

- Mizuho Financial Group (the group) classifies its risk exposures according to the various kinds of risk, including credit risk, market risk, liquidity risk and operational risk, and manages each type of risk according to its characteristics.

Risk Type	Definition	Management Structure, etc.
Credit Risk	<ul style="list-style-type: none"> <li>● The risk of losses that may be incurred due to a decline in, or total loss of, the value of assets (including off-balance-sheet instruments), as a result of deterioration in obligors' financial position</li> </ul>	<ul style="list-style-type: none"> <li>● Adopting two different but mutually complementary approaches; "credit management," in which we manage the process for each individual transaction and individual obligor, and "credit portfolio management," in which we utilize statistical methods to assess the potential for losses related to credit risk</li> </ul>
Market Risk	<ul style="list-style-type: none"> <li>● The risk of losses incurred by the group due to fluctuations in interest rates, stock prices and foreign exchange rates</li> <li>● The risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual</li> </ul>	<ul style="list-style-type: none"> <li>● Setting limits for VaR and for losses</li> <li>● Setting position limits based on interest rate sensitivity as needed, for banking activities</li> </ul>
Liquidity Risk	<ul style="list-style-type: none"> <li>● The risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual</li> </ul>	<ul style="list-style-type: none"> <li>● Measuring liquidity risk using indices pertaining to cash flow, such as limits on funds raised in the market</li> <li>● Establishing classifications for the cash flow conditions affecting the group, ranging from "normal" to "cause for concern" and "critical," and establishing procedures for dealing with cases which are deemed to fall into the "cause for concern" or "critical" categories (in addition, establishing a plan of operations so that we may respond swiftly in emergency situations)</li> </ul>
Operational Risk	<ul style="list-style-type: none"> <li>● The risk of loss that the group may incur resulting from inadequate or failed internal processes, people and systems or from external events</li> </ul>	<ul style="list-style-type: none"> <li>● Determining risk management policies concerning risk management structures and methods for each kind of risk, with recognition that operational risk includes information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputational risk</li> <li>● Measuring operational risk (Operational VaR) on a regular basis</li> </ul>

## 2. Risk-weighted Assets (RWA) by Risk Type and Operating Entity

(JPY Tn)

	Credit Risk		Market Risk		Operational Risk		Total	
	Mar. 14	Change from Mar. 13	Mar. 14	Change from Mar. 13	Mar. 14	Change from Mar. 13	Mar. 14	Change from Mar. 13
<b>FG (Consolidated)</b>	<b>54.0</b>	<b>0.5</b>	<b>2.9</b>	<b>0.5</b>	<b>3.2</b>	<b>0.4</b>	<b>60.2</b>	<b>1.4</b>
BK (Consolidated)	49.6	-2.0	0.9	-2.1	2.2	-0.3	52.8	-4.4
BK (Non-consolidated)	48.8	-0.5	0.9	-0.3	2.0	0.0	51.8	-0.8
TB (Consolidated)	2.2	-0.0	0.0	0.0	0.2	0.0	2.5	-0.0
TB (Non-consolidated)	2.2	-0.0	0.0	0.0	0.2	0.0	2.5	-0.0

(Note)

"Change from Mar.13" of BK is based on a comparison with simple aggregate figures of former BK (the Basel II Domestic Standard) and former CB (the Basel III International Standard) as of March 31, 2013

- Total RWA of FG (consolidated) as of March 31, 2014 was JPY 60.2Tn
- Credit Risk was JPY 54.0Tn, constituting about 90% of total RWA
- Total RWA of BK (consolidated) as of March 31, 2014 was JPY 52.8Tn, constituting about 90% of total RWA
- Total RWA of FG (consolidated) increased by JPY 1.4Tn from March 31, 2013 (see page 6 for details)
- Total RWA of BK (consolidated) decreased mainly because SC, formerly a subsidiary of BK, became FG's directly-owned subsidiary in the first half of FY2013

### 3. Credit Risk (1) Outstanding Loan Balances and Non-Accrual, Past Due & Restructured Loans

(JPY Bn)

2 Banks	Mar. 2014				Mar. 2013	
	Outstanding Balance	Non-Accrual, Past Due & Restructured Loans	Change Outstanding Balance	Change Non-Accrual, Past Due & Restructured Loans	Outstanding Balance	Non-Accrual, Past Due & Restructured Loans
Domestic Total (excluding Loans Booked Offshore)	57,192.7	799.8	455.2	-315.2	56,737.5	1,115.0
Overseas Total (including Loans Booked Offshore)	13,802.0	110.0	2,367.8	-10.0	11,434.2	120.0
<b>Total</b>	<b>70,994.8</b>	<b>909.8</b>	<b>2,823.0</b>	<b>-325.2</b>	<b>68,171.7</b>	<b>1,235.0</b>

#### Major factors of decrease / increase

- Due to the depreciation of the Japanese yen and other factors, amounts of Outstanding Balances increased for both domestic and overseas
- Due to improved obligor classifications achieved through our business revitalization support to corporate customers and other factors, amounts of Non-Accrual Past Due & Restructured Loans decreased for both domestic and overseas

#### (Reference) Status of Loans by Region

(JPY Bn)

2 Banks	Mar. 2014				Mar. 2013	
	Outstanding Balance	Non-Accrual, Past Due & Restructured Loans	Change Outstanding Balance	Change Non-Accrual, Past Due & Restructured Loans	Outstanding Balance	Non-Accrual, Past Due & Restructured Loans
Asia	5,310.4	24.4	1,360.0	-4.7	3,950.4	29.1
Central and South America	3,553.4	163.2	320.6	-6.7	3,232.7	169.9
North America	3,893.5	0.1	552.2	-4.1	3,341.2	4.2
Eastern Europe	25.8	4.3	1.2	3.9	24.6	0.4
Western Europe	2,665.4	41.9	78.4	-7.9	2,587.0	49.9
Other	1,475.9	11.3	213.3	0.0	1,262.5	11.3
<b>Total</b>	<b>16,924.6</b>	<b>245.4</b>	<b>2,526.1</b>	<b>-19.5</b>	<b>14,398.5</b>	<b>265.0</b>

(Note1) Amounts of Outstanding Balances are the aggregate figures for banking and trust accounts, and amount of Non-Accrual, Past Due & Restructured Loans are the aggregate figures for banking and trust accounts with contracts indemnifying the principal amounts.

(Note2) "Status of Loans by Region" is based on the location of its head office.

### 3. Credit Risk (2) Credit Risk-weighted Assets by Asset Class and Ratings Segment

(JPY Tn)

	Credit RWA			EAD			Risk Weight		
	Mar. 13	Mar. 14	Change from Mar. 13	Mar. 13	Mar. 14	Change from Mar. 13	Mar. 13	Mar. 14	Change from Mar. 13
Internal ratings-based approach	46.2	46.7	0.4	169.3	173.7	4.3	27.3%	26.9%	-0.4%
Corporate, etc.	28.9	28.5	-0.4	144.5	148.1	3.6	20.0%	19.2%	-0.7%
Corporate <sup>1</sup>	25.6	25.3	-0.3	59.7	63.4	3.7	43.0%	39.9%	-3.0%
Ratings A1-B2	9.3	11.0	1.6	37.2	42.2	4.9	25.1%	26.0%	0.9%
Ratings C1-D3	11.9	11.2	-0.7	18.5	18.2	-0.2	64.5%	61.4%	-3.0%
Ratings E1-E2	3.9	2.8	-1.1	2.5	1.9	-0.6	151.6%	143.3%	-8.3%
Ratings E2R-H1	0.4	0.3	-0.1	1.3	1.0	-0.3	31.4%	32.5%	1.0%
Sovereign	0.9	1.0	0.1	77.9	77.9	0.0	1.1%	1.3%	0.1%
Ratings A1-B2	0.8	0.9	0.1	77.7	77.8	0.0	1.0%	1.2%	0.1%
Ratings C1-D3	0.0	0.0	0.0	0.1	0.0	0.0	71.8%	86.1%	14.3%
Ratings E1-E2	0.0	0.0	0.0	0.0	0.0	0.0	175.4%	85.6%	-89.8%
Ratings E2R-H1	0.0	0.0	0.0	0.0	0.0	0.0	60.2%	60.4%	0.2%
Bank	1.8	1.7	0.0	6.6	6.5	0.0	27.5%	26.5%	-1.0%
Ratings A1-B2	1.4	1.3	0.0	5.9	5.9	0.0	23.9%	23.0%	-0.8%
Ratings C1-D3	0.3	0.3	0.0	0.5	0.5	0.0	63.5%	63.5%	0.0%
Ratings E1-E2	0.0	0.0	0.0	0.0	0.0	0.0	171.2%	131.4%	-39.8%
Ratings E2R-H1	0.0	0.0	0.0	0.0	0.0	0.0	40.8%	42.1%	1.3%
Specialized lending <sup>2</sup>	0.5	0.3	-0.1	0.3	0.2	0.0	159.3%	147.6%	-11.6%
Retail	5.0	5.1	0.0	13.6	13.5	-0.1	37.0%	37.8%	0.7%
Residential mortgage	3.4	3.4	0.0	10.4	10.3	-0.1	32.8%	33.2%	0.3%
Qualifying revolving loan	0.2	0.2	0.0	0.3	0.4	0.0	72.3%	67.6%	-4.6%
Other retail	1.3	1.3	0.0	2.7	2.7	0.0	48.2%	50.5%	2.2%
Equities	5.3	6.0	0.7	3.8	4.2	0.4	138.7%	141.2%	2.4%
PD/LGD approach	1.5	1.6	0.0	1.1	1.1	0.0	139.5%	136.6%	-2.8%
Transitional measure applied	2.5	2.8	0.2	2.3	2.6	0.2	108.3%	108.1%	-0.1%
Market-based approach	1.2	1.6	0.3	0.3	0.4	0.1	334.0%	328.7%	-5.3%
Securitized	0.7	0.5	-0.1	3.3	3.0	-0.2	22.7%	19.1%	-3.5%
Regarded-method exposure	3.6	4.2	0.6	1.4	1.7	0.3	260.0%	243.7%	-16.2%
Others	2.5	2.1	-0.3	2.5	2.9	0.3	98.9%	74.6%	-24.3%
Standardized approach	3.9	4.6	0.7	9.2	7.1	-2.0	42.4%	64.7%	22.2%
CVA risk	3.1	2.4	-0.7	/	/	/	/	/	/
Central counterparty-related	0.1	0.2	0.0	/	/	/	/	/	/
<b>Total</b>	<b>53.5</b>	<b>54.0</b>	<b>0.5</b>	<b>178.5</b>	<b>180.8</b>	<b>2.3</b>	<b>29.9%</b>	<b>29.8%</b>	<b>-0.0%</b>

Credit RWA increased by JPY 0.5Tn from March 2013

#### ■ Major factors of increase

- Equities +JPY 0.7Tn  
Mainly due to an increase in the price of our stock portfolio
- Standardized approach +JPY 0.7Tn  
Mainly due to an increase in RWA at overseas banking subsidiaries

#### ■ Major factors of decrease

- Corporate -JPY 0.3Tn  
Mainly due to an improvement in quality of credit exposure
- CVA risk -JPY 0.7Tn  
Mainly due to a decrease in derivative exposures

\*1: "Corporate" does not include specialized lending exposure under supervisory slotting criteria

\*2: Specialized lending exposure under supervisory slotting criteria

(Reference) Connection between Obligor Ratings, Definition of Obligor Classifications of Self-Assessments and Claims Disclosed under the Financial Reconstruction Law

Definition of Obligor Classifications of Self-Assessment	Obligor Ratings (Major Category)	Definition of Ratings	Classification	Claims Disclosed under the Financial Reconstruction Law
Normal Obligors	A1-A3	Obligors whose certainty of debt fulfillment is very high, hence their level of credit risk is excellent.	Investment Grade Zone	Normal Claims
	B1-B2	Obligors whose certainty of debt fulfillment poses no problems for the foreseeable future, hence their level of credit risk is sufficient.		
	C1-C3	Obligors whose certainty of debt fulfillment and their level of credit risk poses no problems for the foreseeable future.	Non-investment Grade Zone	
	D1-D3	Obligors whose current certainty of debt fulfillment poses no problems, however, their resistance to future environmental changes is low.		
Watch Obligors	E1	Obligors who require close watching going forward because there are problems with their borrowings, such as reduced or suspended interest payments, problems with fulfillment such as de facto postponements of principal or interest payments, or problems with their financial positions as a result of their poor or unstable business conditions.		
	E2			
	R		Default	
Intensive Control Obligors	F1	Obligors who are not yet bankrupt but are in financial difficulties and are deemed to be very likely to go bankrupt in the future because they are finding it difficult to make progress in implementing their management improvement plans (including obligors who are receiving ongoing support from financial institutions).	Default	Claims for Special Attention
Substantially Bankrupt Obligors	G1	Obligors who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious financial difficulties and are not deemed to be capable of restructuring.		Claims with Collection Risk
Bankrupt Obligors	H1	Obligors who have already gone bankrupt, from both a legal and/or formal perspective.		Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent



## 4. Liquidity Risk (1) Status of Liquid Assets

Mizuho Financial Group (Consolidated)

(JPY Bn)

	Mar. 2013	Mar. 2014
Cash and Due from Banks (including Due from Central Banks)	12,333.9	20,610.2
Trading Securities	9,102.4	7,038.3
Securities	52,737.3	43,307.9
Bonds Held to Maturity	3,000.4	4,040.0
Other Securities	49,736.9	39,267.8
Japanese Stocks	2,776.0	3,110.8
Japanese Bonds	34,043.2	25,094.5
Japanese Government Bonds	30,805.1	22,057.5
Japanese Local Government Bonds	243.7	244.6
Japanese Corporate Bonds	2,994.3	2,792.3
Other	12,917.6	11,062.4
Foreign Bonds	11,844.8	9,114.2
Other	1,072.8	1,948.2
<b>Total</b>	<b>74,173.7</b>	<b>70,956.5</b>
Portion pledged as collateral	-29,235.7	-23,298.0
<b>Total after the deduction above</b>	<b>44,938.0</b>	<b>47,658.4</b>

(Note 1) All securities included in the table above have fair value.

(Note 2) Portion pledged as collateral mainly consists of securities and others collateralized for borrowed money, foreign and domestic exchange transactions or derivatives transactions, or substituted for margins for futures transactions.

### 1. Liquid Assets held in our group

- Our group holds plentiful liquid assets, including central bank reserves and government bonds.
- Our group keeps abundant amounts of liquid assets to turn into cash for contingency funding plans even after excluding encumbered assets such as those pledged as collateral.

### 2. Basel III Liquidity Regulation

- Our group holds adequate high-quality liquid assets required by liquidity regulation.

#### <Outline of Liquidity Regulation (LCR) >

- LCR (Liquidity Coverage Ratio) will be introduced as planned on 2015 as a Pillar I requirement of Basel III liquidity regulation.
- After LCR is in effect, we will be required to hold a certain amount of high-quality liquid assets as reserves to meet cash outflows anticipated during a 30 days stress period.

## 4. Liquidity Risk (2) Status of Funding

### Composition of Funding tools

- Our funding sources are mostly deposits and certificates of deposits. We have funded medium-to-long-term cash needs mainly by issuing securities.

< As of March 31, 2014 > Mizuho Financial Group (Consolidated) (JPY Bn)

Types of Financial Instruments	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits <sup>*1</sup>	84,980.9	3,180.8	759.5	78.9	55.1	-
Negotiable Certificates of Deposit	12,746.2	9.6	-	-	-	-
Call Money and Bills Sold	7,194.4	-	-	-	-	-
Borrowed Money <sup>*2</sup>	5,494.5	1,478.9	145.2	105.3	317.9	163.3
Short-term Bonds	584.5	-	-	-	-	-
Bonds and Notes <sup>*2</sup>	921.5	1,353.5	1,287.9	311.1	661.2	650.9
<b>Total</b>	<b>111,922.2</b>	<b>6,023.0</b>	<b>2,192.7</b>	<b>495.4</b>	<b>1,034.3</b>	<b>814.2</b>

\*1: Demand deposits are included in "Within 1 year".

\*2: Amounts do not include Borrowed Money and Bonds and Notes with no maturities of JPY 133.0Bn and JPY 60.2Bn, respectively.

<As of March 31, 2013> Mizuho Financial Group (Consolidated) (JPY Bn)

Types of Financial Instruments	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits <sup>*3</sup>	79,834.2	3,519.7	752.5	85.2	50.1	-
Negotiable Certificates of Deposit	15,314.5	12.3	-	-	-	-
Call Money and Bills Sold	6,126.4	-	-	-	-	-
Borrowed Money <sup>*4</sup>	6,097.6	786.0	181.5	65.5	248.7	171.9
Short-term Bonds	477.4	-	-	-	-	-
Bonds and Notes <sup>*4</sup>	696.1	1,464.3	1,544.5	282.1	548.9	533.9
<b>Total</b>	<b>108,546.3</b>	<b>5,782.4</b>	<b>2,478.6</b>	<b>432.9</b>	<b>847.9</b>	<b>705.9</b>

\*3: Demand deposits are included in "Within 1 year".

\*4: Amounts do not include Borrowed Money and Bonds and Notes with no maturities of JPY 148.0Bn and JPY 72.0Bn, respectively.

## 5. BIS Capital

Mizuho Financial Group  
(Consolidated)

(JPY Bn)

	Mar. 2013	Mar. 2014	Change
<b>Common Equity Tier 1 Capital</b>	4,802.4	<b>5,304.4</b>	501.9
Capital, Stock Surplus and Retained Earnings	4,796.7	<b>5,362.7</b>	565.9
<b>Additional Tier 1 Capital</b>	1,683.6	<b>1,540.3</b>	-143.3
Eligible Tier 1 capital instruments subject to phase-out arrangements	1,874.8	<b>1,666.5</b>	-208.3
<b>Tier 2 Capital</b>	1,858.4	<b>1,811.2</b>	-47.2
Tier 2 capital instruments	-	<b>154.3</b>	154.3
Eligible Tier 2 capital instruments subject to phase-out arrangements	1,518.3	<b>1,349.6</b>	-168.7
<b>Total Capital</b>	8,344.5	<b>8,655.9</b>	311.4
<b>Risk Weighted Assets</b>	58,790.6	<b>60,274.0</b>	1,483.4

<b>Common Equity Tier 1 Capital Ratio</b>	8.16%	<b>8.80%</b>	0.64%
<b>Tier 1 Capital Ratio</b>	11.03%	<b>11.35%</b>	0.32%
<b>Total Capital Ratio</b>	14.19%	<b>14.36%</b>	0.17%

### Key results of new issuance, redemption and others for FY 2013

#### ■ Common Equity Tier 1 Capital

- Net Income for FY 2013: JPY 688.4Bn
- Conversion of Eleventh Series Class XI Preferred Stock to common stock during FY 2013: JPY 28.0Bn

(Balance of the Eleventh Series Class XI Preferred Stock as of March 2014: JPY 312.6Bn)

#### ■ Additional Tier 1 Capital

##### <Acquisition>

- Thirteenth Series Class XIII Preferred Stock: JPY 36.6Bn (July 2013)

#### ■ Tier 2 Capital

##### <New Issuance>

- Subordinated bonds issued through overseas offering: USD 1.5Bn (March 2014)

##### <Redemption>

- Subordinated bonds issued through domestic public offering (BK): JPY 60.0Bn (February 2014)
- Subordinated bonds issued through domestic public offerings (TB): JPY 15.2Bn (March 2014)