MIZUHO FINANCIAL GROUP INC
Form 6-K
January 27, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of January 2015

Commission File Number 001-33098

Mizuho Financial Group, Inc.

(Translation of registrant s name into English)

5-5, Otemachi 1-chome

Chiyoda-ku, Tokyo 100-8176

Japan

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82- .

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 27, 2015

Mizuho Financial Group, Inc.

By: /s/ Yasuhiro Sato
Name: Yasuhiro Sato
Title: President & CEO

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Unless otherwise specified, for purposes of this report, we have presented our financial information in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.

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Recent Developments

The following is a summary of significant business developments since March 31, 2014 relating to Mizuho Financial Group, Inc.

Operating Environment

As to the recent economic environment, the gradual recovery in the global economy continued, although weakness in the recovery is seen in some regions. This recovery is expected to continue, but it remains necessary to monitor the economic outlook for Europe, China and emerging countries as well as geopolitical risks. Additionally, there is growing concern that the decline in crude oil prices and depreciation of currencies of certain countries, including Russia, may have negative effects on the global economy. In the United States, the economic recovery has continued in the form of improved employment and consumption amid favorable business conditions. In October 2014, the Federal Open Market Committee announced to conclude its asset purchase program due to a substantial improvement in the outlook for the labor market and the sufficient underlying strength in the broader economy to support ongoing progress toward maximum employment in a context of price stability. While it is expected that the pace of recovery will accelerate, the effects of a shift in monetary policy require continued monitoring. In Europe, the economy is on a recovery trend with a continuing steady recovery in the United Kingdom. The economy in the Euro area remains stuck in low gear. There are concerns regarding the ongoing European debt problem, geopolitical risks, especially in Ukraine, Russia s economic slowdown, high unemployment rates and prolonged low-inflation. In Asia, while exports have picked up, overall economic growth has been losing momentum due to political unrest in certain regions. The Asian economy as a whole is expected to recover gradually, but there are concerns of a tendency toward tight monetary policies against the backdrop of concerns over currency depreciation and inflation in some regions. In China, although the economy continues to grow at a high rate, a possible further slowdown may occur due to excess capacity and weakened real estate market conditions. In Japan, the economy has been recovering gradually due mainly to an improvement in the employment situation. As for the future outlook of the Japanese economy, while there are some potential risks, including the risk of further downturns in overseas economies, sharp depreciation of the yen and a decline in consumer sentiment as a result of a prolonged negative reaction after the last-minute rise in demand preceding the April 2014 consumption tax increase, there are prospects for a moderate economic recovery due to a gradual improvement in industrial production activities and private consumption supported by an improvement in the employment and household income situations. Key indicators of economic conditions in recent periods include the following:

Japan s real gross domestic product on a quarterly basis, compared to the corresponding period of the previous year, increased by 2.5% in the first quarter of calendar 2014. However, after continuing to increase from the first quarter of calendar 2013 through the first quarter of calendar 2014, it decreased by 0.3% and 1.3% in the second and third quarters of calendar 2014, respectively. Then, in November 2014, the Japanese government announced that it will postpone the planned second step of consumption tax hike from 8% to 10%, which was originally scheduled for October 2015.

The Japanese Government s monthly economic report in April 2014 stated that the Japanese economy is on a moderate recovery trend, while some weak movements are seen lately due to reaction after a last-minute rise in demand before a consumption tax increase. Its trend view on the recovery of the Japanese economy has basically remained the same since then, but the report in November and December 2014 stated that weakness can be seen in private consumption.

In January 2013, the Bank of Japan announced that it would set a price stability target at 2% in terms of the year-on-year rate of change in the consumer price index and introduced the open-ended asset purchasing method under the asset purchase program, pursuant to which financial assets will be purchased on a monthly basis without setting any termination date, for the purpose of taking additional steps to provide monetary accommodation decisively. Furthermore, the Japanese government and the Bank of Japan released a joint statement that they would strengthen their policy coordination and work together in order to overcome deflation early and achieve sustainable economic growth with price stability. In April 2013, the Bank of Japan announced that it would introduce the quantitative and

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qualitative monetary easing to enter a new phase of monetary easing, and that it would continue with the easing which aims to achieve the price stability target of 2% until that target is maintained in a stable manner. Under the easing, the Bank of Japan changed the main operating target for money market operations from the uncollateralized overnight call rate to the monetary base, and announced that it would double the monetary base and the amounts outstanding of Japanese government bonds as well as ETFs in two years and more than double the average remaining maturity of Japanese government bonds purchases. In October 2014, for the purpose of pre-empting manifestation of the risk that the conversion of deflationary mindsets might be delayed and maintaining the improving momentum of expectation formation, the Bank of Japan announced that it would expand the quantitative and qualitative monetary easing. In particular, the Bank of Japan announced that it would expand the purchases of the Japanese government bonds to be increased at an annual pace of about ¥80 trillion (an addition of about ¥30 trillion compared with the past) and expand the purchases of ETFs and Japan real estate investment trusts so that their amounts outstanding would be increased at an annual pace of ¥3 trillion (tripled compared with the previously announced amount) and ¥90 billion (tripled compared with the previously announced amount), respectively. Additionally, the Bank of Japan announced it would make ETFs that track the JPX-Nikkei Index 400 eligible for purchase.

The yield on newly issued 10-year Japanese government bonds was 0.642% as of March 31, 2014 and decreased to 0.531% as of September 30, 2014. Thereafter, the yield further decreased to 0.329% as of December 30, 2014.

The Nikkei Stock Average, which is an index based on the average of the price of 225 stocks listed on the Tokyo Stock Exchange, increased by 9.1% to ¥16,173.52 as of September 30, 2014 compared to March 31, 2014. Thereafter, the Nikkei Stock Average further increased to ¥17,450.77 as of December 30, 2014.

According to Teikoku Databank, a Japanese research institution, there were 4,750 corporate bankruptcies in Japan in the six months ended September 30, 2014, involving approximately ¥0.9 trillion in total liabilities, 4,782 corporate bankruptcies in the six months ended March 31, 2014, involving approximately ¥1.0 trillion in total liabilities, and 5,320 corporate bankruptcies in the six months ended September 30, 2013, involving approximately ¥1.8 trillion in total liabilities.

The Japanese yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥102.98 to $1.00 as of March 31, 2014 and weakened to ¥109.42 to $1.00 as of September 30, 2014. Thereafter, the yen further weakened to ¥119.80 to $1.00 as of December 30, 2014.

Developments Relating to Our Capital

All yen figures and percentages in this subsection are truncated.

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

In the six months ended September 30, 2014, we strengthened our capital base mainly as a result of earning ¥355.2 billion of consolidated net income (under Japanese GAAP).

With respect to redemptions of previously issued securities, we have redeemed various securities that are eligible Tier1/Tier2 capital instruments subject to phase-out arrangements under Basel III upon their respective initial optional redemption dates or their respective maturity dates. With respect to Tier 1 capital, in June 2014, we redeemed $850 million and ¥139.5 billion of non-dilutive Tier 1 preferred securities that were issued by our overseas special purpose companies in February 2009 and June 2009, respectively. With respect to Tier 2 capital, in April 2014, we redeemed $1.5 billion of dated subordinated bonds that were issued by our overseas special purpose company. We redeemed ¥66.0 billion, ¥60.0 billion and ¥55.0 billion of dated subordinated bonds issued by our subsidiary banks in June 2014, August 2014 and September 2014, respectively.

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With respect to new issuances, we issued ¥100.0 billion and ¥50.0 billion of dated subordinated bonds with a write-down feature that are Basel III-eligible Tier 2 capital instruments through public offerings to wholesale investors in Japan in July 2014 and in December 2014, respectively.

Our Common Equity Tier 1 capital ratio under Basel III as of September 30, 2014 was 9.32%. We aim to increase our regulatory capital, by March 31, 2016, to a level that enables us to secure stably our Common Equity Tier 1 capital ratio under Basel III of 8% or higher (on a fully-effective basis and including the outstanding balance of the eleventh series class XI preferred stock, which was ¥277.8 billion as of September 30, 2014, that will become mandatorily converted into common stock, and will thus be fully recognized as Common Equity Tier 1 capital by July 2016). We believe that we will be able to secure a sufficient Common Equity Tier 1 capital ratio under Basel III as of March 31, 2019 when it becomes fully effective pursuant to its phase-in implementation. The foregoing target is based on capital regulations that have been announced to date. See Capital Adequacy for information regarding the capital regulations to which we are subject.

The foregoing statements include forward-looking statements and are subject to risks, uncertainties and assumptions. See Forward-looking Statements and Item 3.D. Key Information Risk Factors in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission.

We paid an interim cash dividend with respect to the fiscal year ending March 31, 2015 of ¥3.5 per share of common stock, which was an increase of ¥0.5 per share as the interim cash dividend paid in the previous fiscal year.

Developments Relating to Our Business

Personal Banking Unit

We are focusing on the following initiatives in our business with individual customers:

- Increasing assets under management on a group-wide basis
  - Expanding business with Mizuho Bank, Ltd. customers by utilizing securities and trust functions
  - Strengthening asset management business framework to Mizuho Trust & Banking Co., Ltd. customers, and increasing net inflow of Mizuho Securities Co., Ltd. client assets
  - Developing business base that supports integrated business promotion across the group
- Strengthening of the number of customers (quantity) × transaction categories (quality)
  - Enhancing brand power mainly through strategic public relations activities

- Increasing contacts with customers within the group
- Developing a framework to efficiently expand business base and increasing the number of transaction categories
- Increasing loan balance in light of changes in market environment

Pursuing initiative towards establishing a new business base

- Established Incubation Department

Retail Banking Unit

We are focusing on the following initiatives in our business with SMEs, business owners, land owners and lease holders:

Strengthening sales promotion for ultra high net worth customers

- Swiftly conducting business promotions to customers by increasing the number of relationship management officers
- Strengthening integrated business promotions across the group aimed at ultra high net worth customers of Mizuho Trust & Banking and Mizuho Securities

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Strengthening top-level business promotion to Priority Customers for General Managers

Deepening and widening our business initially with business succession and asset inheritance in a unified manner between banking, trust and securities functions

Retaining our business with the next generation by leveraging educational grant trusts, etc.

Regaining customer base of Mizuho Bank

Expanding loan business by utilizing various differentiating products and funds

Deepening and widening our business through obtaining loan business with customers who have settlement accounts

Training up officers capable of both corporate and personal banking business in an integrated manner between banking, trust and securities functions

Corporate Banking Unit (Large Corporations)

We are focusing on the following initiatives in our business with large corporations and their affiliates in Japan:

Promoting borderless business in an integrated manner between domestic and overseas offices

Transforming from one-way business promotion from Japan into two-way promotion between domestic and overseas offices

Promoting seamless business in an integrated manner between banking, trust and securities functions

Developing solution business promotion by utilizing Mizuho s unique integrated management between banking, trust and securities functions

Effectively utilizing risk money

Utilizing risk money for development of the next generation industry

- Promoting Group-to-Group business under One MIZUHO
  - Expanding and deepening business between Mizuho group and corporate customer groups
- Increasing loans and strengthening stable profit base
  - Developing stable profit base such as loans and transaction banking business

Corporate Banking Unit

We are focusing on the following initiatives in our business with relatively larger SMEs (quasi listed companies):

- Strengthening financing functions
  - Proactively responding to customers financing needs for growth by utilizing Mizuho Growth Support Fund
- Expanding new customer base
  - Exercising our multifaceted financial capabilities beginning with new lending
- Providing solutions in line with corporate customers life-cycle
  - Implementing business promotion by providing solutions in line with customers growth strategies (business strategies, capital management, etc.)
- Targeting businesses in Asia
  - Proactively responding to diversifying Japanese corporate customers needs for overseas business expansion and overseas strategy

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Enhancing integrated management between banking, trust and securities functions

Implementing an approach to solve customers challenges by sharing their managerial challenges and strategies

Financial Institutions & Public Sector Business Unit

We are focusing on the following initiatives in our business with financial institutions and central and local governments:

Strengthening cooperation with public institutions and regional financial institutions to revitalize regional economies

Supporting development of regional industries and companies by reinforcing market-in (customer-oriented) -type business promotion

Sophisticating products based on customer needs, regulatory developments, etc.

Originating and capturing transactions in relation to PPP (public-private partnership) as well as transformation of agriculture, forestry and fisheries industry into the Sixth Industry

Contributing to the growth strategy of Japan through initiatives for 2020 Tokyo Olympics and Paralympics Games

Further enhancing business promotion capabilities as advisor to the public sector

Implementing initiatives for developing Asian bond markets

Responding to public primary finance deals such as the issuance of municipal bonds

Reinforcing capabilities to provide increasingly sophisticated financial and public institution-related services

Strengthening initiatives for our customers capital strategies, financing strategies and business strategies in an integrated manner between banking, trust and securities functions

International Banking Unit

We are focusing on the following initiatives in our business with non-Japanese companies and Japanese companies that conduct business overseas:

- Deepening and expanding business with core customers through bank-securities cooperation
  - Advancing from existing Super 30 to Super 50 strategy as well as expanding business with targeted customers of Mizuho Securities
  - Expanding M&A related business (e.g., leveraged finance, advisory service)
  - Strengthening bank-securities double-hat structure for non-Japanese business promotion
- Strengthening transaction banking business by capturing customers trade flow and further accumulating foreign currency deposits
  - Strengthening capabilities to provide products considering customer needs
  - Strengthening business promotion capabilities to financial institutions
- Pursuing cross-regional initiative: pursuing global collaboration based on Asia
  - Supporting Japanese customers overseas business expansion
  - Providing cross-regional business support (including Asia) to non-Japanese customers

Measures for the Enhancement of Group Governance

In June 2014, Mizuho Financial Group transformed into a Company with Committees, as defined in the Companies Act, in order to further enhance corporate governance through strengthening the supervisory function

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of the Board of Directors over the execution of our business and improving the transparency of management processes, and in order to enhance the flexibility of management by facilitating swifter decision making.

Others

Exposure to Certain European Countries (GIIPS)

In Europe, fiscal problems in certain countries, including Greece, Ireland, Italy, Portugal and Spain, have affected the financial system and the real economy, and the uncertainty concerning European economic activity continues to present a risk of a downturn in the world economy, though the situation has been calming down steadily. As of September 30, 2014, our exposure to obligors in such countries was not significant. Specifically, our principal banking subsidiaries (including their overseas subsidiaries) had a total of approximately $7.4 billion in exposure to obligors in such countries. The breakdown by country and by type of obligor was as follows:

	As of		
	March 31, 2014	**September 30, 2014**	**Increase (decrease)**
	(in billions of US dollars)		
Greece	$	$	$
Sovereign			
Financial Institutions			
Others			
Ireland	0.3	0.9	0.6
Sovereign			
Financial Institutions			
Others	0.3	0.9	0.6
Italy(3)	1.4	2.8	1.4
Sovereign	0.1	1.3	1.2
Financial Institutions	0.1	0.1	
Others	1.2	1.4	0.2
Portugal	0.5	0.4	(0.1)
Sovereign			
Financial Institutions			
Others	0.5	0.4	(0.1)
Spain(3)	3.1	3.3	0.2
Sovereign		0.7	0.7
Financial Institutions			
Others	3.1	2.6	(0.5)
Total	$ 5.3	$ 7.4	$ 2.1
Sovereign	0.1	2.0	1.9
Financial Institutions(4)	0.1	0.1	
Others	5.1	5.3	0.2

Notes:

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

Exposure to Russia and Ukraine

As for our exposure to obligors in Russia, our principal banking subsidiaries (including their overseas subsidiaries) had a total of approximately $5.3 billion in exposure as of March 31, 2014, which decreased to $4.8 billion as of September 30, 2014. Our principal banking subsidiaries (including their overseas subsidiaries) had no exposure to obligors in Ukraine as of March 31, 2014 and September 30, 2014. The exposure amounts are on a managerial accounting basis, and footnotes 1 and 2 to the table immediately above are similarly applicable to these amounts.

Accounting Changes

See note 2 Recently issued accounting pronouncements to our consolidated financial statements included elsewhere in this report.

Operating Results

The following table shows certain information as to our income, expenses and net income attributable to MHFG shareholders for the six months ended September 30, 2013 and 2014:

	Six months ended September 30, 2013	2014	Increase (decrease)
	(in billions of yen)		
Interest and dividend income	¥ 725	¥ 706	¥ (19)
Interest expense	203	199	(4)
Net interest income	522	507	(15)
Provision (credit) for loan losses	(96)	(92)	4
Net interest income after provision (credit) for loan losses	618	599	(19)
Noninterest income	374	803	429
Noninterest expenses	745	774	29
Income before income tax expense	247	628	381
Income tax expense	53	220	167
Net income	194	408	214
Less: Net income attributable to noncontrolling interests	3	4	1
Net income attributable to MHFG shareholders	¥ 191	¥ 404	¥ 213

Executive Summary

Net interest income decreased by ¥15 billion, or 2.9%, from the six months ended September 30, 2013 to ¥507 billion in the six months ended September 30, 2014 due to a decrease in interest and dividend income of ¥19 billion, offset in part by a decrease in interest expense of ¥4 billion. The decrease in interest and dividend income was due mainly to decreases in interest income from trading account assets and loans, offset in part by an increase in interest income from interest-bearing deposits in other banks. The decrease in interest income from trading account assets was due mainly to a decline in the average yields of foreign trading account assets, reflecting a decline in short-term interest rate levels of the Japanese yen and other major currencies. The decrease in interest income from loans was due mainly to a decline in the average yields of loans, offset in part by an increase in the average balance of foreign loans. The increase in interest income from interest-bearing deposits in other banks was due to an increase in the average balance and a rise in the average yields. The decrease in interest expense was due mainly to decreases in interest expenses on short-term borrowings and long-term debt, offset in part by an increase in interest expense on deposits. The decrease in interest expense on short-term borrowings was due mainly to a decline in the average interest rate, reflecting a decline in short-term interest rate levels of the Japanese yen and other major currencies. The decrease in interest expense on long-term debt was

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due mainly to a decline in the average interest rate of domestic long-term debt, offset in part by an increase in the average balance of domestic long-term debt. The increase in interest expense on deposits was due mainly to an increase in the average balance of foreign deposits. Credit for loan losses decreased by ¥4 billion, or 4.2%, from the six months ended September 30, 2013 to ¥92 billion in the six months ended September 30, 2014. The credit for loan losses was due primarily to a continued decrease in allowance for loan losses on impaired loans as a result of improved obligor classifications mainly through our credit management activities, reflecting the continuing gradual recovery of the Japanese economy.

Noninterest income increased by ¥429 billion, or 114.7%, from the six months ended September 30, 2013 to ¥803 billion in the six months ended September 30, 2014. The increase was due to trading account gains net of ¥288 billion in the six months ended September 30, 2014, compared to trading account losses net of ¥188 billion in the corresponding period in the previous fiscal year, and an increase of ¥7 billion in investment gains net, offset in part by foreign exchange losses net of ¥6 billion in the six months ended September 30, 2014, compared to foreign exchange gains net of ¥17 billion in the corresponding period in the previous fiscal year, and a decrease of ¥5 billion in fees and commissions. The change in trading account gains (losses) was due mainly to an increase in gains related to changes in the fair value of foreign currency denominated available-for-sale securities for which the fair value option was elected, reflecting a decline in long-term interest rates, and an increase in gains related to change in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risk, that are not eligible for hedge accounting under U.S. GAAP.

Noninterest expenses increased by ¥29 billion, or 3.9%, from the six months ended September 30, 2013 to ¥774 billion in the six months ended September 30, 2014 due mainly to an increase in general and administrative expenses of ¥15 billion and an increase in occupancy expenses of ¥10 billion, offset in part by a credit for losses on off-balance sheet instruments of ¥8 billion in the six months ended September 30, 2014 compared to a provision for losses on off-balance-sheet instruments of ¥14 billion in the corresponding period in the previous fiscal year. The increase in general and administrative expenses was due mainly to increases in the effect of the translation impact on overseas expenses as a result of the depreciation of the Japanese yen against other major currencies, domestic consumption tax as a result of the rise in consumption tax rate, and IT-related costs. The increase in occupancy expenses was due mainly to increases in rent expenses and depreciation expenses of tangible fixed assets. The change in provision (credit) for losses on off-balance-sheet instruments was due mainly to a decrease in allowance for losses on reimbursement of debentures and guarantees.

As a result of the foregoing, income before income tax expense increased by ¥381 billion, or 154.3%, from the six months ended September 30, 2013 to ¥628 billion in the six months ended September 30, 2014. Income tax expense increased by ¥167 billion, or 315.1%, from the six months ended September 30, 2013 to ¥220 billion in the six months ended September 30, 2014. The increase in income tax expense was due to deferred tax expense of ¥102 billion in the six months ended September 30, 2014, compared to a deferred tax benefit of ¥14 billion in the corresponding period in the previous fiscal year and an increase in current tax expense of ¥51 billion. Net income increased by ¥214 billion, or 110.3%, from the six months ended September 30, 2013 to ¥408 billion in the six months ended September 30, 2014. Net income attributable to noncontrolling interests increased by ¥1 billion, or 33.3%, from the six months ended September 30, 2013 to ¥4 billion in the six months ended September 30, 2014.

As a result of the foregoing, net income attributable to MHFG shareholders increased by ¥213 billion, or 111.5%, from the corresponding period in the previous fiscal year to ¥404 billion in the six months ended September 30, 2014.

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Net Interest Income

The following table shows the average balance of interest-earning assets and interest-bearing liabilities, interest amounts and the annualized average interest rates on such assets and liabilities for the six months ended September 30, 2013 and 2014:

	Six months ended September 30,								
	2013			2014			Increase (decrease)		
	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate
	(in billions of yen, except percentages)								
Interest-bearing deposits in other banks	¥ 13,415	¥ 14	0.20%	¥ 19,945	¥ 23	0.23%	¥ 6,530	¥ 9	0.03%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	15,730	25	0.31	15,168	19	0.25	(562)	(6)	(0.06)
Trading account assets	18,686	91	0.98	18,939	77	0.81	253	(14)	(0.17)
Investments	37,245	98	0.53	35,210	102	0.58	(2,035)	4	0.05
Loans	70,261	497	1.41	73,724	485	1.31	3,463	(12)	(0.10)
Total interest-earning assets	155,337	725	0.93	162,986	706	0.86	7,649	(19)	(0.07)
Deposits	87,736	66	0.15	92,755	71	0.15	5,019	5	0.00
Short-term borrowings[(1)]	39,912	32	0.16	39,428	25	0.13	(484)	(7)	(0.03)
Trading account liabilities	3,975	15	0.76	4,572	16	0.70	597	1	(0.06)
Long-term debt	9,688	90	1.86	11,155	87	1.57	1,467	(3)	(0.29)
Total interest-bearing liabilities	141,311	203	0.29	147,910	199	0.27	6,599	(4)	(0.02)
Net	¥ 14,026	¥ 522	0.64	¥ 15,076	¥ 507	0.59	¥ 1,050	¥ (15)	(0.05)

Note:

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

Interest and dividend income decreased by ¥19 billion, or 2.6%, from the six months ended September 30, 2013 to ¥706 billion in the six months ended September 30, 2014 due mainly to decreases in interest income from trading account assets and loans, offset in part by an increase in interest income from interest-bearing deposits in other banks.

The decrease in interest income from trading account assets was due mainly to a decline in the average yields of foreign trading account assets, reflecting a decline in short-term interest rate levels of the Japanese yen and other major currencies. The decrease in interest income from loans was due mainly to a decline in the average yields of loans, offset in part by an increase in the average balance of foreign loans. The increase in interest income from interest-bearing deposits in other banks was due to an increase in the average balance and a rise in the average yields. The changes in the average yields on interest-earning assets contributed to an overall decrease in interest and dividend income of ¥75 billion, and the changes in average balances of interest-earning assets contributed to an overall increase in interest and dividend income of ¥56 billion, resulting in the ¥19 billion decrease in interest and dividend income.

Interest expense decreased by ¥4 billion, or 2.0%, from the six months ended September 30, 2013 to ¥199 billion in the six months ended September 30, 2014 due mainly to decreases in interest expense on short-term borrowings and long-term debt, offset in part by an increase in interest expense on deposits. The decrease in interest expense on short-term borrowings was due mainly to a decline in the average interest rate, reflecting a decline in short-term interest rate levels of the Japanese yen and other major currencies. The decrease in interest expense on long-term debt was due mainly to a decline in the average interest rate of domestic long-term debt, offset in part by an increase in the average balance of domestic long-term debt. The increase in interest expense on deposits was due mainly to an increase in the average balance of foreign deposits. The changes in average interest rates on interest-bearing liabilities contributed to an overall decrease in interest expense of ¥50 billion, and the changes in average balances of interest-bearing liabilities contributed to an overall increase in interest expense of ¥46 billion, resulting in the ¥4 billion decrease in interest expense.

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As a result of the foregoing, net interest income decreased by ¥15 billion, or 2.9%, from the six months ended September 30, 2013 to ¥507 billion in the six months ended September 30, 2014. Average interest rate spread declined by 0.05% from the six months ended September 30, 2013 to 0.59% in the six months ended September 30, 2014. The decline of the average interest rate spread was due mainly to declines in average yields on trading account assets, loans and call loans and funds sold, and receivables under resale agreements and securities borrowing transaction, which more than offset the effect of decline in average interest rates on long-term debt.

Provision (Credit) for Loan Losses

Credit for loan losses decreased by ¥4 billion, or 4.2%, from the six months ended September 30, 2013 to ¥92 billion in the six months ended September 30, 2014. The credit for loan losses was due primarily to a continued decrease in allowance for loan losses on impaired loans as a result of improved obligor classifications mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy as described in Recent Developments Operating Environment.

Noninterest Income

The following table shows a breakdown of noninterest income for the six months ended September 30, 2013 and 2014:

	Six months ended September 30, 2013	**2014**	**Increase (decrease)**
		(in billions of yen)	
Fees and commissions:			
Fees and commissions from securities-related business	¥ 90	¥ 80	¥ (10)
Fees and commissions from deposits and lending business	58	57	(1)
Fees and commissions from remittance business	54	55	1
Trust fees	24	24	
Fees for other customer services	111	116	5
Total fees and commissions income	337	332	(5)
Foreign exchange gains (losses) net	17	(6)	(23)
Trading account gains (losses) net	(188)	288	476
Investment gains (losses) net	94	101	7
Investment gains (losses) related to bonds	29	48	19
Investment gains (losses) related to equity securities	64	46	(18)
Others	1	7	6
Equity in earnings (losses) of equity method investees net	21	18	(3)
Gains on disposal of premises and equipment	7	2	(5)
Other noninterest income	86	68	(18)
Total noninterest income	¥ 374	¥ 803	¥ 429

Noninterest income increased by ¥429 billion, or 114.7%, from the six months ended September 30, 2013 to ¥803 billion in the six months ended September 30, 2014. The increase was due to trading account gains net of ¥288 billion in the six months ended September 30, 2014, compared to trading account losses net of ¥188 billion in the corresponding period in the previous fiscal year, and an increase of ¥7 billion in investment gains net, offset in part by foreign exchange losses net of ¥6 billion in the six months ended September 30, 2014, compared to foreign exchange gains net of ¥17 billion in the corresponding period in the previous fiscal year, and a decrease of ¥5 billion in fees and commissions.

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Trading Account Gains (Losses) Net

Trading account gains (losses) net was a gain of ¥288 billion in the six months ended September 30, 2014 compared to a loss of ¥188 billion in the corresponding period in the previous fiscal year. The change was due mainly to an increase in gains related to changes in the fair value of foreign currency denominated available-for-sale securities for which the fair value option was elected, reflecting a decline in long-term interest rates, and an increase in gains related to change in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risk, that are not eligible for hedge accounting under U.S. GAAP. For further information on the fair value option, see note 17 to our consolidated financial statements included elsewhere in this report.

Investment Gains (Losses) Net

Investment gains net increased by ¥7 billion, or 7.4%, from the six months ended September 30, 2013 to ¥101 billion in the six months ended September 30, 2014. The increase was due mainly to an increase in investment gains related to bonds of ¥19 billion, or 65.5%, from the six months ended September 30, 2013 to ¥48 billion in the six months ended September 30, 2014, offset in part by a decrease in investment gains related to equity securities of ¥18 billion, or 28.1%, from the six months ended September 30, 2013 to ¥46 billion in the six months ended September 30, 2014. The increase in investment gains related to bonds was due mainly to a decrease in losses on sales of bonds for the six months ended September 30, 2014, which reflected a decline in long-term interest rates during the six months ended September 30, 2014 compared to a rise in the corresponding period in the previous fiscal year. The decrease in investment gains related to equity securities was due mainly to less preferable stock market conditions during the six months ended September 30, 2014 than in the corresponding period in the previous fiscal year.

Foreign Exchange Gains (Losses) Net

Foreign exchange gains (losses) net was a loss of ¥6 billion in the six months ended September 30, 2014 compared to a gain of ¥17 billion in the corresponding period in the previous fiscal year. The change was due mainly to fluctuations in foreign exchange rates in the six months ended September 30, 2014.

Fees and Commissions

Fees and commissions decreased by ¥5 billion, or 1.5%, from the six months ended September 30, 2013 to ¥332 billion in the six months ended September 30, 2014. The decrease was due mainly to a decrease in fees and commissions from securities-related business of ¥10 billion, or 11.1%, from the six months ended September 30, 2013 to ¥80 billion in the six months ended September 30, 2014. The decrease in fees and commissions from securities-related business was due mainly to less preferable stock market conditions during the six months ended September 30, 2014 than in the corresponding period in the previous fiscal year.

Noninterest Expenses

The following table shows a breakdown of noninterest expenses for the six months ended September 30, 2013 and 2014:

	Six months ended September 30, 2013	2014	Increase (decrease)
		(in billions of yen)	

Salaries and employee benefits	¥ 292	¥ 293	¥ 1
General and administrative expenses	235	250	15
Occupancy expenses	83	93	10
Fees and commission expenses	65	70	5
Provision (credit) for losses on off-balance-sheet instruments	14	(8)	(22)
Other noninterest expenses	56	76	20
Total noninterest expenses	¥ 745	¥ 774	¥ 29

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Noninterest expenses increased by ¥29 billion, or 3.9%, from the six months ended September 30, 2013 to ¥774 billion in the six months ended September 30, 2014. This increase was due mainly to an increase in general and administrative expenses of ¥15 billion and an increase in occupancy expenses of ¥10 billion, offset in part by a credit for losses on off-balance sheet instruments of ¥8 billion in the six months ended September 30, 2014 compared to a provision for losses on off-balance-sheet instruments of ¥14 billion in the corresponding period in the previous fiscal year.

General and Administrative Expenses

General and administrative expenses increased by ¥15 billion, or 6.4%, from the six months ended September 30, 2013 to ¥250 billion in the six months ended September 30, 2014. The increase was due mainly to increases in the effect of the translation impact on overseas expenses as a result of the depreciation of the Japanese yen against other major currencies, domestic consumption tax as a result of the rise in consumption tax rate, and IT-related costs.

Occupancy Expenses

Occupancy expenses increased by ¥10 billion, or 12.0%, from the six months ended September 30, 2013 to ¥93 billion in the six months ended September 30, 2014 due mainly to increases in rent expenses and depreciation expenses of tangible fixed assets.

Provision (Credit) for losses on Off-Balance-Sheet Instruments

Provision (credit) for losses on off-balance-sheet instruments was a credit of ¥8 billion in the six months ended September 30, 2014 compared to a provision of ¥14 billion in the corresponding period in the previous fiscal year. The change was due mainly to a decrease in allowance for losses on reimbursement of debentures and guarantees.

Income Tax Expense

Income tax expense increased by ¥167 billion, or 315.1%, from the six months ended September 30, 2013 to ¥220 billion in the six months ended September 30, 2014. The increase was due to deferred tax expense of ¥102 billion in the six months ended September 30, 2014, compared to deferred tax benefit of ¥14 billion in the corresponding period in the previous fiscal year and an increase in current tax expense of ¥51 billion. The change in deferred tax expense (benefit) was due mainly to a decrease in deferred tax assets, net of allowance, due primarily to a decrease in the temporary differences of our principal banking subsidiaries. The increase in current tax expense was due mainly to an increase in the taxable income of a principal banking subsidiary.

	Six months ended September 30,		Increase
	2013	2014	(decrease)
	(in billions of yen)		
Income before income tax expense	¥ 247	¥ 628	¥ 381
Income tax expense	53	220	167
Current tax expense	67	118	51
Deferred tax expense (benefit)	(14)	102	116
Net income	194	408	214
Less: Net income attributable to noncontrolling interests	3	4	1

Net income attributable to MHFG shareholders	¥ 191	¥ 404	¥ 213

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Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests increased by ¥1 billion, or 33.3%, from the six months ended September 30, 2013 to ¥4 billion in the six months ended September 30, 2014.

Net Income Attributable to MHFG Shareholders

As a result of the foregoing, net income attributable to MHFG shareholders increased by ¥213 billion, or 111.5%, from the corresponding period in the previous fiscal year to ¥404 billion in the six months ended September 30, 2014.

Business Segments Analysis

Our operating segments are based on the nature of the products and services provided, the type of customer and our management organization. The business segment information set forth below is derived from the internal management reporting systems used by management to measure the performance of our business segments. We measure the performance of each of our operating segments primarily in terms of net business profits in accordance with internal managerial accounting rules and practices. Net business profits is used in Japan as a measure of the profitability of core banking operations and is defined as gross profits (or the sum of net interest income, fiduciary income, net fees and commissions income, net trading income and net other operating income) less general and administrative expenses. Measurement by net business profits is required for regulatory reporting to the Financial Services Agency. Therefore, the format and information are presented primarily on the basis of Japanese GAAP and are not consistent with the consolidated financial statements prepared in accordance with U.S. GAAP. A reconciliation of total net business profits with income before income tax expense under U.S. GAAP is provided in note 19 to our consolidated financial statements included elsewhere in this report.

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

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

Mizuho Bank

Personal Banking

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

Retail Banking

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

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Corporate Banking (Large Corporations)

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

Corporate Banking

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

Financial Institutions & Public Sector Business

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

International Banking

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

Trading and others

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

Mizuho Trust & Banking

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

Mizuho Securities

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

Others

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

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Research Institute Ltd., information technology-related services through Mizuho Information & Research Institute, Inc., and advisory services to financial institutions through Mizuho Financial Strategy Co., Ltd.

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

Results of Operations by Business Segment

Consolidated Results of Operations

Consolidated gross profits for the six months ended September 30, 2014 were ¥1,067.1 billion, an increase of ¥24.1 billion compared to the six months ended September 30, 2013. Consolidated general and administrative expenses for the six months ended September 30, 2014 were ¥632.8 billion, an increase of ¥33.1 billion compared to the six months ended September 30, 2013. Consolidated net business profits for the six months ended September 30, 2014 were ¥412.9 billion, a decrease of ¥5.7 billion compared to the six months ended September 30, 2013.

	Mizuho Bank (Consolidated)										Mizuho Trust & Banking (Consolidated)	Mizuho Securities (Consolidated)	Others	Mizu… Finan… Gro… (Consol…
		Mizuho Bank (Non-consolidated)								Others				
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institutions & Public Sector Business (e)	International Banking (f)	Trading and others (g)	(h)	(i)	(j)	(k)	Tot…
	(in billions of yen)													
…onths …d …mber 30, …1)(2)(3):														
… profits:														
…terest …ne	¥ 401.7	¥ 347.4	¥ 55.2	¥ 20.4	¥ 80.9	¥ 25.7	¥ 12.4	¥ 64.6	¥ 88.2	¥ 54.3	¥ 19.0	¥ 1.3	¥ 132.0	¥ 5…
…oninterest …ne …nse)	192.2	191.2	8.5	12.5	70.6	20.4	8.9	76.5	(6.2)	1.0	53.8	148.1	94.9	4…
	593.9	538.6	63.7	32.9	151.5	46.1	21.3	141.1	82.0	55.3	72.8	149.4	226.9	1,04…
…ral and …istrative …ses	275.8	254.7	56.6	29.4	40.5	19.8	10.5	42.9	55.0	21.1	45.6	120.1	158.2	59…
…s	(22.2)									(22.2)	(1.5)		(1.0)	(…
	¥ 295.9	¥ 283.9	¥ 7.1	¥ 3.5	¥ 111.0	¥ 26.3	¥ 10.8	¥ 98.2	¥ 27.0	¥ 12.0	¥ 25.7	¥ 29.3	¥ 67.7	¥ 4…

usiness
s

		Mizuho Bank (Consolidated)										Mizuho Trust & Banking (Consolidated)	Mizuho Securities (Consolidated)	Others	Miz Fina Gro (Consol
		Mizuho Bank (Non-consolidated)									Others				
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institutions & Public Sector Business (e)	International Banking (f)	Trading and others (g)	(h)		(i)	(j)	(k)	To
	(in billions of yen)														
onths mber 30,):															
profits:															
terest e nse)	¥522.3	¥450.8	¥108.8	¥39.4	¥ 87.2	¥49.8	¥16.2	¥ 71.6	¥ 77.8	¥ 71.5		¥19.0	¥ 0.4	¥ (0.3)	¥ 5
oninterest e	292.2	279.7	20.3	24.7	57.1	33.3	12.8	68.3	63.2	12.5		55.7	147.4	30.4	5
	814.5	730.5	129.1	64.1	144.3	83.1	29.0	139.9	141.0	84.0		74.7	147.8	30.1	1,0
al and istrative ses	437.0	407.1	115.0	59.5	47.0	38.3	14.8	46.8	85.7	29.9		46.0	125.9	23.9	6
s	(17.3)									(17.3)		(1.8)		(2.3)	(
usiness .	¥360.2	¥323.4	¥ 14.1	¥ 4.6	¥ 97.3	¥44.8	¥14.2	¥ 93.1	¥ 55.3	¥ 36.8		¥26.9	¥ 21.9	¥ 3.9	¥ 4

Notes:

(1) Others (h) and Others (k) include elimination of transactions between consolidated subsidiaries.
(2) Beginning on April 1, 2014, new allocation methods have been applied to the calculation of Gross profits and General and administrative expenses for reportable segments of Mizuho Bank. Figures for the six months ended September 30, 2013 have been reclassified under the new allocation methods.
(3) As for the six months ended September 30, 2013, Mizuho Bank (Non-consolidated) represents the sum of the performance of the former Mizuho Corporate Bank for the first quarter and the new Mizuho Bank for the second quarter, while Others (h) includes the performance of the former Mizuho Bank for the first quarter, in light of the merger of the former Mizuho Bank and the former Mizuho Corporate Bank conducted in July 2013.

Mizuho Bank

On July 1, 2013, the merger between the former Mizuho Bank and the former Mizuho Corporate Bank came into effect with the former Mizuho Corporate Bank as the surviving entity, which was renamed Mizuho Bank

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upon the merger. The following table and comparison are based on the simple aggregation of the results of the former Mizuho Bank and the former Mizuho Corporate Bank with respect to the period prior to the merger.

		The former Mizuho Bank and the former Mizuho Corporate Bank						
	Total	**Personal Banking (a)**	**Retail Banking (b)**	**Corporate Banking (Large Corporations) (c)**	**Corporate Banking (d)**	**Financial Institutions & Public Sector Business (e)**	**International Banking (f)**	**Trading and others (g)**
				(in billions of yen)				
Six months ended September 30, 2013:								
Gross profits:								
Net interest income	¥ 471.1	¥ 108.6	¥ 40.7	¥ 83.5	¥ 50.9	¥ 17.2	¥ 64.6	¥ 105.6
Net noninterest income	253.3	16.7	24.3	75.6	34.7	11.3	76.5	14.2
Total	724.4	125.3	65.0	159.1	85.6	28.5	141.1	119.8
General and administrative expenses	386.8	111.7	58.3	43.9	38.7	14.4	42.9	76.9
Others								
Net business profits	¥ 337.6	¥ 13.6	¥ 6.7	¥ 115.2	¥ 46.9	¥ 14.1	¥ 98.2	¥ 42.9

Notes:

(1) The former Mizuho Bank and the former Mizuho Corporate Bank merged on July 1, 2013. Figures for the six months ended September 30, 2013 represent the simple aggregation of the performance of the former Mizuho Bank and the former Mizuho Corporate Bank for the first quarter and the new Mizuho Bank for the second quarter.

(2) Beginning on April 1, 2014, new allocation methods have been applied to the calculation of Gross profits and General and administrative expenses for reportable segments of Mizuho Bank. Figures for the six months ended September 30, 2013 have been reclassified under the new allocation methods.

Gross profits for the six months ended September 30, 2014 were ¥730.5 billion, an increase of ¥6.1 billion, or 0.8%, compared to the six months ended September 30, 2013. The increase was attributable mainly to an increase in income from trading and others as a result of bond trading activities that appropriately captured the declining interest rate trends in Japan and overseas, and an increase in income from personal banking as a result of increased sales of investment trusts. This increase was offset in part by a decrease in gross profits related to our customer groups attributable to decreases in noninterest income in corporate banking (large corporations) and international banking due mainly to the absence of some transactions in which a large amount of noninterest income was generated in the previous period.

General and administrative expenses for the six months ended September 30, 2014 increased by ¥20.3 billion, or 5.2%, compared to the six months ended September 30, 2013 to ¥407.1 billion due mainly to expenses related to our strategies for strengthening gross profits and the effects of the increase in Japanese consumption tax, offset in part by our group-wide cost reduction efforts, including our cost restructuring measures.

As a result mainly of the foregoing, net business profits for the six months ended September 30, 2014 decreased by ¥14.2 billion, or 4.2%, compared to the six months ended September 30, 2013 to ¥323.4 billion.

Mizuho Trust & Banking

Gross profits for Mizuho Trust & Banking for the six months ended September 30, 2014 were ¥74.7 billion, an increase of ¥1.9 billion, or 2.6%, compared to the six months ended September 30, 2013. The increase was attributable mainly to an increase in noninterest income related to pension, asset custody and stock transfer agency businesses.

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General and administrative expenses for Mizuho Trust & Banking for the six months ended September 30, 2014 increased by ¥0.4 billion, or 0.9%, compared to the six months ended September 30, 2013 to ¥46.0 billion.

As a result mainly of the foregoing, net business profits for Mizuho Trust & Banking for the six months ended September 30, 2014 increased by ¥1.2 billion, or 4.7%, compared to the six months ended September 30, 2013 to ¥26.9 billion.

Mizuho Securities

Gross profits for Mizuho Securities for the six months ended September 30, 2014 were ¥147.8 billion, a decrease of ¥1.6 billion, or 1.1%, compared to the six months ended September 30, 2013. The decrease was attributable mainly to a decrease in commissions and fees including equity brokerage commissions due mainly to a drop off from the strong results in the first quarter of the previous fiscal year when the domestic stock market performed particularly well.

General and administrative expenses for Mizuho Securities for the six months ended September 30, 2014 increased by ¥5.8 billion, or 4.8%, compared to the six months ended September 30, 2013 to ¥125.9 billion. The increase was due mainly to the impact of the depreciation of the yen primarily against the U.S. dollar.

As a result mainly of the foregoing, net business profits for Mizuho Securities for the six months ended September 30, 2014 decreased by ¥7.4 billion, or 25.3%, compared to the six months ended September 30, 2013 to ¥21.9 billion.

Financial Condition

Assets

Our assets as of March 31, 2014 and September 30, 2014 were as follows:

	As of March 31, 2014	As of September 30, 2014	Increase (decrease)
	(in billions of yen)		
Cash and due from banks	¥ 1,697	¥ 1,464	¥ (233)
Interest-bearing deposits in other banks	19,037	21,985	2,948
Call loans and funds sold	468	467	(1)
Receivables under resale agreements	8,349	9,522	1,173
Receivables under securities borrowing transactions	5,011	5,053	42
Trading account assets	27,408	31,593	4,185
Investments	35,482	37,069	1,587
Loans	73,485	74,173	688
Allowance for loan losses	(626)	(528)	98
Loans, net of allowance	72,859	73,645	786
Premises and equipment net	1,357	1,368	11
Due from customers on acceptances	92	99	7
Accrued income	264	251	(13)
Goodwill	12	12	

Intangible assets	59	54	(5)
Deferred tax assets	405	163	(242)
Other assets	3,199	4,223	1,024
Total assets	¥ 175,699	¥ 186,968	¥ 11,269

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Total assets increased by ¥11,269 billion from ¥175,699 billion as of March 31, 2014 to ¥186,968 billion as of September 30, 2014. This increase was due mainly to an increase of ¥4,185 billion in trading account assets, primarily derivative contracts and Japanese government bonds, an increase of ¥2,948 billion in interest-bearing deposits in other banks, primarily those in the Bank of Japan, an increase of ¥1,587 billion in investments, primarily Agency mortgage-backed securities and Japanese government bonds, and an increase of ¥1,173 billion in receivables under resale agreements.

Loans

Loans Outstanding

The following table shows our loans outstanding as of March 31, 2014 and September 30, 2014:

	As of				Increase	
	March 31, 2014		September 30, 2014		(decrease)	
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 8,026	10.9%	¥ 8,225	11.1%	¥ 199	0.2%
Construction and real estate	7,205	9.8	7,132	9.6	(73)	(0.2)
Services	3,957	5.4	4,121	5.5	164	0.1
Wholesale and retail	5,351	7.3	5,496	7.4	145	0.1
Transportation and communications	3,247	4.4	3,216	4.3	(31)	(0.1)
Banks and other financial institutions	3,460	4.7	3,691	5.0	231	0.3
Government and public institutions	6,734	9.1	5,496	7.4	(1,238)	(1.7)
Other industries(1)	4,983	6.8	4,925	6.6	(58)	(0.2)
Individuals	11,975	16.2	11,870	16.0	(105)	(0.2)
Mortgage loans	11,187	15.2	11,073	14.9	(114)	(0.3)
Other	788	1.0	797	1.1	9	0.1
Total domestic	54,938	74.6	54,172	72.9	(766)	(1.7)
Foreign:						
Commercial and industrial	12,938	17.6	13,623	18.3	685	0.7
Banks and other financial institutions	4,610	6.3	5,179	7.0	569	0.7
Government and public institutions	883	1.2	942	1.3	59	0.1
Other(1)	255	0.3	401	0.5	146	0.2
Total foreign	18,686	25.4	20,145	27.1	1,459	1.7
Subtotal	73,624	100.0%	74,317	100.0%	693	
Less: Unearned income and deferred loan fees net	(139)		(144)		(5)	
Total loans before allowance for loan losses	¥ 73,485		¥ 74,173		¥ 688	

Note:

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

Total loans before allowance for loan losses increased by ¥688 billion from the end of the previous fiscal year to ¥74,173 billion as of September 30, 2014. Loans to domestic borrowers decreased by ¥766 billion to ¥54,172 billion due primarily to a decrease in loans to government and public institutions.

Loans to foreign borrowers increased by ¥1,459 billion from the end of the previous fiscal year to ¥20,145 billion as of September 30, 2014. The increase in loans to foreign borrowers was due primarily to increases in commercial and industrial and banks and other financial institutions, mainly in Americas and Asia, and the translation impact of the depreciation of the yen against other major currencies.

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Within our loan portfolio, loans to domestic borrowers decreased from 74.6% to 72.9% while loans to foreign borrowers increased from 25.4% to 27.1%.

Balance of Impaired Loans

The following table shows our impaired loans as of March 31, 2014 and September 30, 2014 based on classifications by domicile and industry segment:

	As of					
	March 31, 2014		September 30, 2014		Increase (decrease)	
	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 229	2.9%	¥ 161	2.0%	¥ (68)	(0.9)%
Construction and real estate	138	1.9	119	1.7	(19)	(0.2)
Services	79	2.0	82	2.0	3	0.0
Wholesale and retail	156	2.9	145	2.6	(11)	(0.3)
Transportation and communications	48	1.5	52	1.6	4	0.1
Banks and other financial institutions	11	0.3	6	0.2	(5)	(0.1)
Other industries	1	0.0	1	0.0		0.0
Individuals	195	1.6	182	1.5	(13)	(0.1)
Total domestic	857	1.6	748	1.4	(109)	(0.2)
Foreign	288	1.5	229	1.1	(59)	(0.4)
Total impaired loans	¥ 1,145	1.6	¥ 977	1.3	¥ (168)	(0.3)

Impaired loans decreased by ¥168 billion, or 14.7%, from the end of the previous fiscal year to ¥977 billion as of September 30, 2014. Impaired loans to domestic borrowers decreased by ¥109 billion due mainly to a decrease in manufacturing as a result of upgrades related to some borrowers mainly due to improved financial conditions reflecting a recovering business environment. Impaired loans to foreign borrowers decreased by ¥59 billion, primarily in Central and South America.

The percentage of impaired loans within gross total loans decreased from 1.6% as of March 31, 2014 to 1.3% as of September 30, 2014. The percentage of impaired loans net of allowance to gross total loans net of allowance decreased from 0.71% as of March 31, 2014 to 0.61% as of September 30, 2014, due to a decrease in impaired loans net of allowance and an increase in gross total loans net of allowance.

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Allowance for Loan Losses

Balance of allowance for loan losses

The following table summarizes the allowance for loan losses by component and as a percentage of the corresponding loan balance as of March 31, 2014 and September 30, 2014:

	As of March 31, 2014	As of September 30, 2014	Increase (decrease)
	(in billions of yen, except percentages)		
Allowance for loan losses on impaired loans[1] (A)	¥ 323	¥ 248	¥ (75)
Allowance for loan losses on non-impaired loans (B)	303	280	(23)
Total allowance for loan losses (C)	626	528	(98)
Impaired loans requiring an allowance for loan losses (D)	958	805	(153)
Impaired loans not requiring an allowance for loan losses (E)	187	172	(15)
Non-impaired loans[2] (F)	72,479	73,340	861
Gross total loans (G)	¥ 73,624	¥ 74,317	¥ 693
Percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance (A)/(D)x100	33.72%	30.80%	(2.92)%
Percentage of allowance for loan losses on non-impaired loans against the balance of non-impaired loans (B)/(F)x100	0.42	0.38	(0.04)
Percentage of total allowance for loan losses against gross total loans (C)/(G)x100	0.85	0.71	(0.14)

Notes:

(1) The allowance for loan losses on impaired loans includes those for groups of small balance, homogeneous loans totaling ¥420 billion as of September 30, 2014 which were collectively evaluated for impairment, in addition to those that were individually evaluated for impairment.

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

Allowance for loan losses decreased by ¥98 billion from the end of the previous fiscal year to ¥528 billion as of September 30, 2014. This decrease was due to a decrease of ¥75 billion in the allowance for loan losses on impaired loans as a result of a decrease in impaired loans requiring an allowance for loan losses, and a decrease of ¥23 billion in the allowance for loan losses on non-impaired loans. The allowance for loan losses on non-impaired loans decreased due primarily to upgrades in the obligor categories of a broad range borrowers mainly through our credit management activities, reflecting the continuing gradual recovery of the Japanese economy. Gross total loans increased due mainly to an increase in non-impaired loans reflecting increased funding demand from customers and upgrades in obligor categories, both reflecting the positive trends in the economic environment. Due mainly to the decrease in impaired loans requiring an allowance and the increase in gross total loans, the percentage of total allowance for loan losses against gross total loans decreased by 0.14% to 0.71%. The percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance decreased by 2.92% to 30.80%.

The primary factors behind the gap between the 15.7% decrease in allowance for loan losses and the 0.9% increase in the balance of gross total loans as of September 30, 2014 compared to March 31, 2014 consisted mainly of the increase in the balance of non-impaired loans, the decrease in impaired loans requiring an allowance for loan losses due to improvement in our loan portfolio and the decrease in the percentage of allowance for loan losses on impaired loans against the balance of impaired loans, each as described in the above paragraph.

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Impaired loans decreased by 14.7% from the end of the previous fiscal year due mainly to a decrease in impaired loans requiring an allowance for loan losses. Allowance for loan losses on impaired loans decreased by 23.3%.

The coverage ratio for impaired loans decreased by 0.6% as of September 30, 2014 compared to March 31, 2014. The decrease was due to how the percentage decrease in allowance for loan losses was greater than the percentage decrease in impaired loans.

Provision (credit) for loan losses

The following table summarizes changes in our allowance for loan losses in the six months ended September 30, 2013 and 2014:

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (decrease)
	(in billions of yen)		
Allowance for loan losses at beginning of fiscal year	¥ 773	¥ 626	¥ (147)
Provision (credit) for loan losses	(96)	(92)	4
Charge-offs	38	24	(14)
Less: Recoveries	12	15	3
Net charge-offs	26	9	(17)
Others[(1)]	8	3	(5)
Balance at end of six-month period	¥ 659	¥ 528	¥ (131)

Note:

(1) Others include primarily foreign exchange translation.

Credit for loan losses decreased by ¥4 billion from the six months ended September 30, 2013 to ¥92 billion in the six months ended September 30, 2014. A credit for loan losses was recorded due primarily to a continued decrease in allowance for loan losses on impaired loans as a result of improved obligor classifications mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy as described in Recent Developments Operating Environment.

Charge-offs decreased by ¥14 billion from the six months ended September 30, 2013 to ¥24 billion for the six months ended September 30, 2014. The decrease was due to a decrease in charge-offs of domestic loans, offset in part by an increase in charge-offs of foreign loans. Recoveries increased by ¥3 billion from the six months ended September 30, 2013 to ¥15 billion in the six months ended September 30, 2014. The increase was due to an increase in recoveries on foreign loans, offset in part by a decrease in recoveries on domestic loans.

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Investments

The majority of our investments are available-for-sale securities, which as of March 31, 2014 and September 30, 2014 were as follows:

	As of								
	March 31, 2014			September 30, 2014			Increase (decrease)		
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)
	(in billions of yen)								
Available-for-sale securities:									
Debt securities	¥27,167	¥27,227	¥ 60	¥27,518	¥27,579	¥ 61	¥351	¥352	¥ 1
Japanese government bonds	22,040	22,056	16	22,342	22,351	9	302	295	(7)
Other than Japanese government bonds	5,127	5,171	44	5,176	5,228	52	49	57	8
Equity securities (marketable)	1,668	3,422	1,754	1,712	3,846	2,134	44	424	380
Total	¥28,835	¥30,649	¥ 1,814	¥29,230	¥31,425	¥ 2,195	¥395	¥776	¥ 381

Available-for-sale securities increased by ¥776 billion from the end of the previous fiscal year to ¥31,425 billion as of September 30, 2014. This increase was due primarily to an increase in equity securities due mainly to the rise in Japanese stock prices as of September 30, 2014 compared to those as of March 31, 2014, and an increase in Japanese government bonds. See note 3 to our consolidated financial statements for details of other investments included within investments.

Cash and Due from Banks

Cash and due from banks decreased by ¥233 billion from the end of the previous fiscal year to ¥1,464 billion as of September 30, 2014. The decrease was due to net cash used in investing activities of ¥4,523 billion and net cash used in operating activities of ¥903 billion, offset in part by net cash provided by financing activities of ¥5,188 billion.

Liabilities

The following table shows our liabilities as of March 31, 2014 and September 30, 2014:

	As of		
	March 31, 2014	September 30, 2014	Increase (decrease)
	(in billions of yen)		

Deposits	¥ 102,610	¥ 108,473	¥ 5,863
Due to trust accounts	742	712	(30)
Call money and funds purchased	7,195	6,141	(1,054)
Payables under repurchase agreements	16,798	19,522	2,724
Payables under securities lending transactions	6,266	6,465	199
Other short-term borrowings	6,024	4,082	(1,942)
Trading account liabilities	14,825	17,647	2,822
Bank acceptances outstanding	92	99	7
Income taxes payable	57	93	36
Deferred tax liabilities	33	32	(1)
Accrued expenses	160	154	(6)
Long-term debt	9,854	11,228	1,374
Other liabilities	4,422	5,128	706
Total liabilities	¥ 169,078	¥ 179,776	¥ 10,698

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Total liabilities increased by ¥10,698 billion from the end of the previous fiscal year to ¥179,776 billion as of September 30, 2014. The increase was due primarily to increases of ¥5,863 billion in deposits, ¥2,822 billion in trading account liabilities, primarily derivative contracts, and ¥1,374 billion in long-term debt. We analyze short-term borrowings, consisting of due to trust accounts, call money and funds purchased, payables under repurchase agreements, payables under securities lending transactions and other short-term borrowings, on a combined basis.

Deposits

The following table shows a breakdown of our deposits as of March 31, 2014 and September 30, 2014:

	As of March 31, 2014	As of September 30, 2014	Increase (decrease)
	(in billions of yen)		
Domestic:			
Noninterest-bearing deposits	¥ 12,751	¥ 12,759	¥ 8
Interest-bearing deposits	73,115	76,807	3,692
Total domestic deposits	85,866	89,566	3,700
Foreign:			
Noninterest-bearing deposits	1,115	1,055	(60)
Interest-bearing deposits	15,629	17,852	2,223
Total foreign deposits	16,744	18,907	2,163
Total deposits	¥ 102,610	¥ 108,473	¥ 5,863

Deposits increased by ¥5,863 billion from the end of the previous fiscal year to ¥108,473 billion as of September 30, 2014. Domestic deposits increased by ¥3,700 billion from the end of the previous fiscal year to ¥89,566 billion as of September 30, 2014. Domestic interest-bearing deposits increased by ¥3,692 billion to ¥76,807 billion as of September 30, 2014. The increase of domestic interest-bearing deposits was due mainly to an increase in certificates of deposits. Foreign deposits increased by ¥2,163 billion from the end of the previous fiscal year to ¥18,907 billion as of September 30, 2014, due mainly to increases in time deposits and certificates of deposits as well as the translation impact of the depreciation of the yen against other major currencies.

Short-term Borrowings

The following table shows a breakdown of our short-term borrowings as of March 31, 2014 and September 30, 2014:

	As of March 31, 2014			As of September 30, 2014			Increase (decrease)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in billions of yen)								

Due to trust accounts	¥ 742	¥	¥ 742	¥ 712	¥	¥ 712	¥ (30)	¥	¥ (30)
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions	13,680	16,579	30,259	14,471	17,657	32,128	791	1,078	1,869
Other short-term borrowings	5,757	267	6,024	3,811	271	4,082	(1,946)	4	(1,942)
Total short-term borrowings	¥ 20,179	¥ 16,846	¥ 37,025	¥ 18,994	¥ 17,928	¥ 36,922	¥ (1,185)	¥ 1,082	¥ (103)

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Short-term borrowings decreased by ¥103 billion from the end of the previous fiscal year to ¥36,922 billion as of September 30, 2014. Domestic short-term borrowings decreased by ¥1,185 billion due mainly to a decrease in other short-term borrowings. Foreign short-term borrowings increased by ¥1,082 billion due primarily to an increase in payables under repurchase agreements.

Equity

The following table shows a breakdown of equity as of March 31, 2014 and September 30, 2014:

	As of March 31, 2014	As of September 30, 2014	Increase (decrease)
	(in billions of yen)		
MHFG shareholders equity:			
Preferred stock	¥ 313	¥ 278	¥ (35)
Common stock	5,489	5,524	35
Accumulated deficit	(538)	(222)	316
Accumulated other comprehensive income, net of tax	1,118	1,415	297
Treasury stock, at cost	(4)	(4)	
Total MHFG shareholders equity	6,378	6,991	613
Noncontrolling interests	243	201	(42)
Total equity	¥ 6,621	¥ 7,192	¥ 571

Equity increased by ¥571 billion from the end of the previous fiscal year to ¥7,192 billion as of September 30, 2014 due mainly to a decrease in accumulated deficit and an increase in accumulated other comprehensive income, net of tax.

Preferred stock decreased by ¥35 billion from the end of the previous fiscal year to ¥278 billion as of September 30, 2014 as a result of the conversion of preferred stock to common stock of ¥35 billion.

Common stock increased by ¥35 billion from the end of the previous fiscal year to ¥5,524 billion as of September 30, 2014 primarily as a result of the issuance of new shares of common stock related to the conversion of preferred stock to common stock.

Accumulated deficit decreased by ¥316 billion from the end of the previous fiscal year to ¥222 billion as of September 30, 2014. This decrease was due primarily to net income attributable to MHFG shareholders for the six months ended September 30, 2014 of ¥404 billion offset in part by dividend payment of ¥88 billion.

Accumulated other comprehensive income, net of tax increased by ¥297 billion from the end of the previous fiscal year to ¥1,415 billion as of September 30, 2014 due primarily to an increase in unrealized net gains on available-for-sale securities of ¥250 billion.

Treasury stock, at cost as of September 30, 2014 was the same level compared to that as of March 31, 2014.

Noncontrolling interests decreased by ¥42 billion from the end of the previous fiscal year to ¥201 billion as of September 30, 2014.

Liquidity

We continuously endeavor to enhance the management of our liquidity profile to meet our customers loan demand and deposit withdrawals and respond to unforeseen situations such as adverse movements in stock, foreign currencies, interest rates and other markets or changes in general domestic or international conditions.

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We manage our liquidity profile through the continuous monitoring of our cash flow situation, the enforcement of upper limits on funds raised in financial markets and other means as further set forth in Item 11. Quantitative and Qualitative Disclosures about Market Risk Market and Liquidity Risk Management Liquidity Risk Management Structure in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission.

Deposits, based on our broad customer base and brand recognition in Japan, have been our primary source of liquidity. Our total deposits increased by ¥5,863 billion, or 5.7%, from the end of the previous fiscal year to ¥108,473 billion as of September 30, 2014. Our average balance of deposits for the six months ended September 30, 2014 of ¥105,822 billion exceeded our average balance of loans for the same period by ¥32,098 billion. We invested the excess portion primarily in marketable securities and other high liquidity assets.

Secondary sources of liquidity include short-term borrowings such as call money and funds purchased and payables under repurchase agreements. We also issue long-term debt, including both senior and subordinated debt, as additional sources for liquidity. We utilize short-term borrowings to diversify our funding sources and to manage our funding costs. We raise subordinated long-term debt for the purpose of improving our capital adequacy ratios, which also enhances our liquidity profile. We believe we are able to access such sources of liquidity on a stable and flexible basis based on our current credit ratings. The following table shows credit ratings assigned to our principal banking subsidiaries by S&P and Moody s as of December 31, 2014:

	As of December 31, 2014					
	S&P			Moody s		
	Long-term	Short-term	Stand-alone credit profile	Long-term	Short-term	Financial strength
Mizuho Bank	A+(1)	A-1	a	A1	P-1	C-
Mizuho Trust & Banking	A+(1)	A-1	a	A1	P-1	C-

Note:

(1) Negative outlook.

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

In order to maintain an appropriate level of liquidity, our principal banking subsidiaries hold highly liquid investment assets such as Japanese government bonds as liquidity reserve assets. We monitor the amount of liquidity reserve assets and report such amount to the monthly ALM & market risk management committee. Minimum regulatory reserve amounts, or the reserve amount deposited with the Bank of Japan pursuant to applicable regulations that is calculated as a specified percentage of the amount of deposits held by our principal banking subsidiaries, are excluded in connection with our management of liquidity reserve asset levels. We established and apply classifications for the cash flow conditions affecting the group, including the amount of liquidity reserve assets, that range from normal to cause for concern and critical categories and take appropriate actions based on such conditions. As of September 30, 2014, the balance of Japanese government bonds included within our investments was ¥22.4 trillion (excluding held-to-maturity securities), and a majority of this amount, which has historically not fluctuated significantly over the course of a fiscal year, was classified as the principal component of liquidity reserve assets.

Related to regulatory liquidity requirements, the liquidity coverage ratio (LCR) standard with a minimum requirement of 60% was introduced on January 1, 2015. It will rise in equal annual steps of 10% to reach 100% on January 1, 2019. See Item 4. Information on the Company Supervision and Regulation Liquidity in our most recent Form 20-F.

Capital Adequacy

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

Regulatory Capital Requirements

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

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

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

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

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

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

In November 2011, the Financial Stability Board published policy measures to address the systemic and moral hazard risks associated with systemically important financial institutions. The policy measures include requirements for global systemically important banks (G-SIBs) to have additional loss absorption capacity tailored to the impact of their default, ranging from 1% to 2.5% of risk-weighted assets, to be met with Common Equity Tier 1 capital, which would be in addition to the 7.0% Common Equity Tier 1 capital requirement (including capital conservation buffer). The requirements will be phased in starting in January 2016 with full implementation by January 2019. We were included in the list of G-SIBs updated in November 2014 and were allocated to the bucket that would require 1.0% of additional loss absorbency.

Related to regulatory capital requirements, in November 2014, the Financial Stability Board issued for public consultation policy proposals consisting of a set of principles and a detailed term sheet on the adequacy of loss-absorbing and recapitalization capacity of G-SIBs. The proposals will be finalized after consultation and impact assessments to form a new minimum standard for total loss-absorbing capacity (TLAC). The final version is scheduled to be delivered to the G20 Leaders summit scheduled to be held in November 2015.

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

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

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Consolidated Capital Adequacy Ratios

Our capital adequacy ratios as of March 31, 2014 and September 30, 2014, calculated in accordance with Japanese GAAP and guidelines established by the Financial Services Agency, were as set forth in the following table:

	As of March 31, 2014	As of September 30, 2014	Increase (decrease)
	(in billions of yen, except percentages)		
Common Equity Tier 1 capital	¥ 5,304.4	¥ 5,677.2	¥ 372.8
Additional Tier 1 capital	1,540.3	1,539.9	(0.4)
Tier 1 capital	6,844.7	7,217.2	372.4
Tier 2 capital	1,811.2	1,950.3	139.0
Total capital	¥ 8,655.9	¥ 9,167.5	¥ 511.5
Risk-weighted assets	¥ 60,274.0	¥ 60,865.9	¥ 591.8
Common Equity Tier 1 capital ratio	8.80%	9.32%	0.52%
Required Common Equity Tier 1 capital ratio	4.00	4.00	
Tier 1 capital ratio	11.35	11.85	0.50
Required Tier 1 capital ratio	5.50	5.50	
Total capital ratio	14.36	15.06	0.70
Required total capital ratio	8.00	8.00	

Our total capital ratio as of September 30, 2014 was 15.06%, an increase of 0.70% compared to March 31, 2014. Our Tier 1 capital ratio as of September 30, 2014 was 11.85%, an increase of 0.50% compared to March 31, 2014. Our Common Equity Tier 1 capital ratio as of September 30, 2014 was 9.32%, an increase of 0.52% compared to March 31, 2014. The increases in each ratio were due mainly to an increase in Common Equity Tier 1 capital. Common Equity Tier 1 capital increased due mainly to an increase in retained earnings as a result of recording net income for the six months ended September 30, 2014. We believe that we were in compliance with all capital adequacy requirements to which we were subject as of September 30, 2014.

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Capital

The following table shows a breakdown of our total risk-based capital as of March 31, 2014 and September 30, 2014:

	March 31, 2014	As of September 30, 2014	Increase (decrease)
		(in billions of yen)	
Common Equity Tier 1 capital	¥5,304.4	¥ 5,677.2	¥ 372.8
Capital and stock surplus	3,051.8	3,087.5	35.6
Retained earnings	2,314.7	2,598.1	283.3
Treasury stock	(3.8)	(3.8)	
Earnings to be distributed	(88.0)	(88.1)	(0.1)
Subscription rights to common shares	3.1	2.0	(1.1)
Accumulated other comprehensive income and other disclosed reserves	156.2	227.0	70.7
Common share capital issued by subsidiaries and held by third parties	10.8	12.2	1.3
Instruments and reserves subject to phase-out arrangements	61.5	58.0	(3.5)
Regulatory adjustments	(202.1)	(215.7)	(13.6)
Additional Tier 1 capital(1)(2)	1,540.3	1,539.9	(0.4)
Additional Tier 1 instruments issued by subsidiaries and held by third parties	25.3	27.9	2.5
Eligible Tier 1 capital instruments subject to phase-out arrangements(1)(2)	1,666.5	1,666.5	
Instruments subject to phase-out arrangements	(50.8)	(53.4)	(2.6)
Regulatory adjustments	(100.7)	(101.0)	(0.3)
Tier 1 capital(1)(2)	6,844.7	7,217.2	372.4
Tier 2 capital	1,811.2	1,950.3	139.0
Directly issued qualifying Tier 2 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards		100.0	100.0
Tier 2 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	154.3	164.1	9.7
Tier 2 instruments issued by subsidiaries and held by third parties	8.1	8.9	0.8
Eligible Tier 2 capital instruments subject to phase-out arrangements	1,349.6	1,196.1	(153.5)
General allowance for loan losses and eligible provisions included in Tier 2	7.0	5.4	(1.5)
Instruments and provisions subject to phase-out arrangements	474.0	652.8	178.8
Regulatory adjustments	(182.0)	(177.3)	4.6
Total capital(1)(2)	¥8,655.9	¥ 9,167.5	¥ 511.5

Notes:

(1) As of September 30, 2014, the outstanding balance of our eleventh series class XI preferred stock was ¥277.8 billion. During the period from October 1, 2014 to December 31, 2014, holders of the preferred stock converted 16,613,500 shares (or ¥16.6 billion) by requesting us to acquire the preferred stock and issue common stock to them.

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

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Our Common Equity Tier 1 capital increased by ¥372.8 billion from ¥5,304.4 billion as of March 31, 2014 to ¥5,677.2 billion as of September 30, 2014. The increase was due mainly to an increase in retained earnings as a result of recording net income for the six months ended September 30, 2014. Our Additional Tier 1 capital decreased by ¥0.4 billion from ¥1,540.3 billion as of March 31, 2014 to ¥1,539.9 billion as of September 30, 2014. As a result, our Tier 1 capital increased by ¥372.4 billion from ¥6,844.7 billion as of March 31, 2014 to ¥7,217.2 billion as of September 30, 2014.

Non-dilutive preferred securities issued by our overseas special purpose companies to investors are included within Additional Tier 1 capital and subject to phase-out arrangements. As of September 30, 2014, the outstanding balance of these securities was ¥1,495.6 billion. Although such non-dilutive preferred securities are perpetual in term, they are redeemable at our option, subject to prior approval from regulatory authorities, on, and on specified dates after, the relevant initial optional redemption date. The following table shows the initial optional redemption dates for the non-dilutive preferred securities included within our Additional Tier 1 capital as of September 30, 2014 and the total outstanding balance of non-dilutive preferred securities with each such initial optional redemption date. The non-dilutive preferred securities are denominated in yen, unless otherwise noted.

Initial optional redemption date		**Outstanding balance of non-dilutive preferred securities included within Additional Tier 1 capital (in billions of yen)**
June 2015	¥	452.5
June 2016		465.6[(1)]
June 2018		274.5
June 2019		303.0

Note:

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

Our Tier 2 capital as of September 30, 2014 was ¥1,950.3 billion, an increase of ¥139.0 billion compared to March 31, 2014. The increase was due mainly to an increase in unrealized gains on other securities and the issuance of dated subordinated bonds offset in part by the redemptions of eligible Tier 2 capital instruments subject to phase-out arrangements.

As a result of the above, total capital as of September 30, 2014 was ¥9,167.5 billion, an increase of ¥511.5 billion compared to March 31, 2014.

Risk-weighted Assets

The following table shows a breakdown of our risk-weighted assets as of March 31, 2014 and September 30, 2014:

As of

	March 31, 2014	September 30, 2014	Increase (decrease)
		(in billions of yen)	
Risk-weighted assets:			
Credit risk assets	¥ 54,068.7	¥ 54,944.5	¥ 875.7
Market risk equivalent assets	2,919.0	2,821.9	(97.0)
Operational risk equivalent assets	3,286.3	3,099.4	(186.8)
Total	¥ 60,274.0	¥ 60,865.9	¥ 591.8

Risk-weighted assets as of September 30, 2014 were ¥60,865.9 billion, an increase of ¥591.8 billion compared to March 31, 2014. Credit risk assets increased by ¥875.7 billion to ¥54,944.5 billion due mainly to a

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rise in stock prices in Japan, offset in part by an improvement in our loan portfolio and redemptions. Market risk equivalent assets decreased by ¥97.0 billion to ¥2,821.9 billion. Operational risk equivalent assets decreased by ¥186.8 billion to ¥3,099.4 billion.

Principal Banking Subsidiaries

Capital adequacy ratios of our principal banking subsidiaries, on a consolidated basis, as of March 31, 2014 and September 30, 2014, calculated in accordance with Japanese GAAP and guidelines established by the Financial Services Agency, were as set forth in the following table:

	As of		
	March 31, 2014	**September 30, 2014**	**Increase (decrease)**
Mizuho Bank			
Common Equity Tier 1 capital ratio	10.19%	10.59%	0.40%
Tier 1 capital ratio	12.35	12.69	0.34
Total capital ratio	15.48	16.02	0.54
Mizuho Trust & Banking			
Common Equity Tier 1 capital ratio	14.76	16.37	1.61
Tier 1 capital ratio	14.76	16.37	1.61
Total capital ratio	17.80	19.06	1.26

We believe each of our principal banking subsidiaries was in compliance with all capital adequacy requirements to which it was subject as of September 30, 2014.

Our securities subsidiaries in Japan are also subject to the capital adequacy requirement under the Financial Instruments and Exchange Act. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. We believe, as of September 30, 2014, that our securities subsidiaries in Japan were in compliance with all capital adequacy requirements to which they were subject.

Off-balance-sheet Arrangements

See note 15 Commitments and contingencies and note 16 Variable interest entities and securitizations to our consolidated financial statements included elsewhere in this report.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited)

	March 31, 2014	September 30, 2014
	(in millions of yen)	
Assets:		
Cash and due from banks	1,696,879	1,464,442
Interest-bearing deposits in other banks	19,037,527	21,984,908
Call loans and funds sold	468,283	466,507
Receivables under resale agreements (Note 18)	8,349,365	9,521,697
Receivables under securities borrowing transactions (Note 18)	5,010,740	5,052,663
Trading account assets (including assets pledged that secured parties are permitted to sell or repledge of ¥9,445,432 million at March 31, 2014 and ¥10,968,410 million at September 30, 2014) (Notes 17 and 18)	27,408,259	31,593,072
Investments (Notes 3 and 17):		
Available-for-sale securities (including assets pledged that secured parties are permitted to sell or repledge of ¥3,422,827 million at March 31, 2014 and ¥3,215,378 million at September 30, 2014)	30,648,761	31,424,919
Held-to-maturity securities	4,040,083	4,867,112
Other investments	792,689	776,978
Loans (Notes 4, 5 and 17)	73,484,954	74,173,333
Allowance for loan losses	(626,177)	(527,802)
Loans, net of allowance	72,858,777	73,645,531
Premises and equipment net	1,356,594	1,368,287
Due from customers on acceptances	92,398	98,514
Accrued income	264,380	250,556
Goodwill	11,549	11,709
Intangible assets	58,947	54,492
Deferred tax assets	405,120	163,333
Other assets (Notes 4, 6, 14 and 17)	3,198,995	4,223,636
Total assets	175,699,346	186,968,356

The following table presents the assets of consolidated variable interest entities (VIE s), which are included in the consolidated balance sheets above. The assets in the table below can be used only to settle obligations of consolidated VIEs.

	March 31, 2014	September 30, 2014
	(in millions of yen)	
Assets of consolidated VIEs:		

Cash and due from banks	25,762	53,288
Interest-bearing deposits in other banks	10,306	17,761
Trading account assets	1,383,280	1,703,122
Investments	72,626	49,632
Loans, net of allowance	2,639,153	2,640,988
Other	421,585	569,516
Total assets	4,552,712	5,034,307

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited) (Continued)

	March 31, 2014	September 30, 2014
	(in millions of yen)	
Liabilities and equity:		
Deposits:		
Domestic:		
Noninterest-bearing deposits	12,751,194	12,759,160
Interest-bearing deposits	73,114,857	76,807,312
Foreign:		
Noninterest-bearing deposits	1,114,729	1,055,380
Interest-bearing deposits	15,629,374	17,851,637
Due to trust accounts	742,036	711,606
Call money and funds purchased	7,194,433	6,141,289
Payables under repurchase agreements (Note 18)	16,797,809	19,521,848
Payables under securities lending transactions (Note 18)	6,265,875	6,465,031
Other short-term borrowings	6,023,972	4,081,727
Trading account liabilities (Notes 17 and 18)	14,824,922	17,647,091
Bank acceptances outstanding	92,398	98,514
Income taxes payable	57,124	93,417
Deferred tax liabilities	33,181	32,000
Accrued expenses	160,107	153,948
Long-term debt (including liabilities accounted for at fair value of ¥657,626 million at March 31, 2014 and ¥728,627 million at September 30, 2014) (Note 17)	9,853,941	11,227,877
Other liabilities (Notes 6, 14 and 17)	4,422,023	5,128,048
Total liabilities	169,077,975	179,775,885
Commitments and contingencies (Note 15)		
Equity:		
MHFG shareholders equity:		
Preferred stock (Note 7)	312,651	277,898
Common stock (Note 7) no par value, authorized 48,000,000,000 shares at March 31, 2014, and 48,000,000,000 shares at September 30, 2014, and issued 24,263,885,187 shares at March 31, 2014, and 24,392,920,767 shares at September 30, 2014	5,489,295	5,523,819
Accumulated deficit	(537,479)	(221,687)
Accumulated other comprehensive income, net of tax (Note 9)	1,117,877	1,414,961
Less: Treasury stock, at cost Common stock 13,817,747 shares at March 31, 2014, and 12,713,374 shares at September 30, 2014	(3,874)	(3,840)

Total MHFG shareholders equity	6,378,470	6,991,151
Noncontrolling interests	242,901	201,320
Total equity	6,621,371	7,192,471
Total liabilities and equity	175,699,346	186,968,356

The following table presents the liabilities of consolidated VIEs, which are included in the consolidated balance sheets above. The creditors or investors of the consolidated VIEs have no recourse to the MHFG Group, except where the Group provides credit enhancement through guarantees or other means.

	March 31, 2014	**September 30, 2014**
	(in millions of yen)	
Liabilities of consolidated VIEs:		
Other short-term borrowings	287,910	296,222
Trading account liabilities	7,355	25,756
Long-term debt	173,870	177,014
Other	929,990	1,032,604
Total liabilities	1,399,125	1,531,596

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Six months ended September 30, 2013	2014
	(in millions of yen)	
Interest and dividend income:		
Loans, including fees	496,900	484,812
Investments:		
Interest	65,562	67,476
Dividends	32,742	34,515
Trading account assets	91,539	76,501
Call loans and funds sold	2,657	4,153
Receivables under resale agreements and securities borrowing transactions	21,667	15,103
Deposits	13,771	23,424
Total interest and dividend income	724,838	705,984
Interest expense:		
Deposits	65,922	70,703
Trading account liabilities	15,132	15,968
Call money and funds purchased	3,629	3,715
Payables under repurchase agreements and securities lending transactions	22,099	16,811
Other short-term borrowings	5,960	4,263
Long-term debt	90,323	87,519
Total interest expense	203,065	198,979
Net interest income	521,773	507,005
Provision (credit) for loan losses (Notes 4 and 5)	(96,268)	(91,561)
Net interest income after provision (credit) for loan losses	618,041	598,566
Noninterest income:		
Fees and commissions	337,375	332,228
Foreign exchange gains (losses) net	16,878	(6,126)
Trading account gains (losses) net	(188,115)	288,022
Investment gains (losses) net (Note 3)	94,101	101,291
Equity in earnings (losses) of equity method investees net	21,384	18,331
Gains on disposal of premises and equipment	6,535	1,862
Other noninterest income (Note 14)	85,542	67,826
Total noninterest income	373,700	803,434
Noninterest expenses:		

Salaries and employee benefits (Note 13)	292,316	292,617
General and administrative expenses	235,246	249,589
Occupancy expenses	83,373	92,519
Fees and commission expenses	64,585	70,119
Provision (credit) for losses on off-balance-sheet instruments	14,492	(8,005)
Other noninterest expenses (Notes 4 and 14)	54,974	77,170
Total noninterest expenses	744,986	774,009
Income before income tax expense	246,755	627,991
Income tax expense (Note 12)	52,454	219,999
Net income	194,301	407,992
Less: Net income attributable to noncontrolling interests	3,047	4,187
Net income attributable to MHFG shareholders	191,254	403,805

	(in yen)	
Earnings per common share (Note 11):		
Basic net income per common share	7.76	16.52
Diluted net income per common share	7.53	15.91

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Six months ended September 30, 2013	2014
	(in millions of yen)	
Net income	194,301	407,992
Other comprehensive income (loss), net of tax	248,800	295,766
Total comprehensive income	443,101	703,758
Less: Total comprehensive income attributable to noncontrolling interests	8,542	2,869
Total comprehensive income attributable to MHFG shareholders	434,559	700,889

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

	Six months ended September 30,	
	2013	**2014**
	(in millions of yen)	
Preferred stock (Note 7):		
Balance at beginning of period	377,354	312,651
Conversion to common stock	(9,593)	(34,753)
Cancellation of preferred stock	(36,690)	
Balance at end of period	331,071	277,898
Common stock (Note 7):		
Balance at beginning of period	5,460,821	5,489,295
Issuance of new shares of common stock due to conversion of preferred stock	9,593	34,753
Issuance of new shares of common stock due to exercise of stock acquisition rights		863
Gains (losses) on disposal of treasury stock	(28)	67
Stock-based compensation	(954)	(1,155)
Change in ownership interest in consolidated subsidiaries		(4)
Balance at end of period	5,469,432	5,523,819
Accumulated deficit:		
Balance at beginning of period	(883,390)	(537,479)
Net income attributable to MHFG shareholders	191,254	403,805
Dividends declared	(76,392)	(88,013)
Cancellation of preferred stock	(308)	
Balance at end of period	(768,836)	(221,687)
Accumulated other comprehensive income, net of tax (Note 9):		
Balance at beginning of period	777,997	1,117,877
Change during period	243,306	297,084
Balance at end of period	1,021,303	1,414,961
Treasury stock, at cost:		
Balance at beginning of period	(4,662)	(3,874)
Purchases of treasury stock	(37,238)	(265)
Disposal of treasury stock	1,055	299

Cancellation of treasury stock	36,998	
Balance at end of period	(3,847)	(3,840)
Total MHFG shareholders equity	6,049,123	6,991,151
Noncontrolling interests:		
Balance at beginning of period	128,975	242,901
Effect of other increase/decrease in consolidated subsidiaries	1,982	(41,978)
Dividends paid to noncontrolling interests	(10,733)	(2,472)
Net income attributable to noncontrolling interests	3,047	4,187
Unrealized net gains (losses) on available-for-sale securities attributable to noncontrolling interests	5,078	(1,248)
Foreign currency translation adjustments attributable to noncontrolling interests	370	(43)
Pension liability adjustments attributable to noncontrolling interests	46	(27)
Balance at end of period	128,765	201,320
Total equity	6,177,888	7,192,471

Note: The amounts that have been reclassified out of Accumulated other comprehensive income into net income are presented in Note 9 Accumulated other comprehensive income (loss) .

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six months ended September 30,	
	2013	2014
	(in millions of yen)	
Cash flows from operating activities:		
Net income	194,301	407,992
Less: Net income attributable to noncontrolling interests	3,047	4,187
Net income attributable to MHFG shareholders	191,254	403,805
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	78,382	81,609
Provision (credit) for loan losses	(96,268)	(91,561)
Investment losses (gains) net	(94,101)	(101,291)
Equity in losses (earnings) of equity method investees net	(21,384)	(18,331)
Foreign exchange losses (gains) net	47,751	130,154
Deferred income tax expense (benefit)	(14,400)	102,408
Net change in trading account assets	5,032,587	(3,728,775)
Net change in trading account liabilities	(1,696,343)	2,634,788
Net change in loans held for sale	(3,041)	5,297
Net change in accrued income	54,850	16,310
Net change in accrued expenses	(21,174)	28,358
Other net	147,514	(365,881)
Net cash provided by (used in) operating activities	3,605,627	(903,110)
Cash flows from investing activities:		
Proceeds from sales of investments	24,991,981	36,100,383
Proceeds from maturities of investments	5,292,485	2,672,572
Purchases of investments	(25,650,932)	(39,697,918)
Proceeds from sales of loans	117,670	514,954
Net change in loans	(697,927)	(528,104)
Net change in interest-bearing deposits in other banks	(5,735,498)	(2,782,418)
Net change in call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	(2,480,027)	(717,889)
Proceeds from sales of premises and equipment	24,516	18,247
Purchases of premises and equipment	(98,768)	(102,521)
Net cash used in investing activities	(4,236,500)	(4,522,694)
Cash flows from financing activities:		
Net change in deposits	1,236,485	5,128,125
	(2,440,732)	904,530

Net change in call money and funds purchased, and payables under repurchase agreements and securities lending transactions		
Net change in due to trust accounts	91,892	(30,430)
Net change in other short-term borrowings	928,136	(1,957,532)
Proceeds from issuance of long-term debt	1,255,862	2,507,188
Repayment of long-term debt	(536,073)	(1,273,521)
Proceeds from noncontrolling interests	295	528
Payment to noncontrolling interests		
Proceeds from issuance of common stock		6
Proceeds from sales of treasury stock	10	3
Purchases of treasury stock	(37,004)	(6)
Dividends paid	(76,368)	(88,147)
Dividends paid to noncontrolling interests	(10,733)	(2,472)
Net cash provided by financing activities	411,770	5,188,272
Effect of exchange rate changes on cash and due from banks	22,417	5,095
Net decrease in cash and due from banks	(196,686)	(232,437)
Cash and due from banks at beginning of period	1,268,442	1,696,879
Cash and due from banks at end of period	1,071,756	1,464,442
Supplemental disclosure of cash flow information:		
Noncash investing activities:		
Transfer of loans into other investments		2,399
Investment in capital leases	4,180	1,980

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of presentation

Mizuho Financial Group, Inc. (MHFG) is a joint stock corporation with limited liability under the laws of Japan. MHFG, through its subsidiaries (the MHFG Group , or the Group), provides domestic and international financial services in Japan and other countries. For a discussion of the Group s segment information, see Note 19 Business segment information .

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements are stated in Japanese yen, the currency of the country in which MHFG is incorporated and principally operates.

The accompanying consolidated financial statements include the accounts of MHFG and its subsidiaries. MHFG s interim financial reporting period ends on September 30 and certain subsidiaries interim financial reporting period ends on June 30. The necessary adjustments have been made to the consolidated financial statements if significant intercompany transactions took place during the three-months periods. When determining whether to consolidate investee entities, the MHFG Group performed a careful analysis of the facts and circumstances of the particular relationships between the MHFG Group and the investee entities as well as the ownership of voting shares. The consolidated financial statements also include the accounts of the VIEs for which MHFG or its subsidiaries have been determined to be the primary beneficiary in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, Consolidation (ASC 810). All significant intercompany transactions and balances have been eliminated upon consolidation. The MHFG Group accounts for investments in entities over which it has significant influence by using the equity method of accounting. These investments are included in Other investments and the Group s proportionate share of income or loss is included in Investment gains (losses) net.

The unaudited consolidated financial statements should be read in conjunction with the audited financial statements and related notes thereto included in the annual financial statements for the fiscal year ended March 31, 2014.

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. GAAP, but is not required for interim reporting purposes, has been condensed or omitted.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Specific areas, among others, requiring the application of management s estimates and judgment include assumptions pertaining to the allowance for loan losses, allowance for losses on off-balance-sheet instruments, deferred tax assets, derivative financial instruments, investments and pension and other employee benefits. Actual results could differ from estimates and assumptions made.

2. Recently issued accounting pronouncements

Recently adopted accounting pronouncements

In June 2013, the FASB issued Accounting Standards Update (ASU) No.2013-08, Financial Services Investment Companies (Topic 946) Amendments to the Scope, Measurement, and Disclosure Requirements (ASU No.2013-08). The ASU changes the approach to the investment company assessment and requires an

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (Continued)

investment company to measure noncontrolling ownership interests in other investment companies at fair value. The ASU also requires additional disclosures of (a) the fact that the entity is an investment company and is applying the guidance in ASC 946, Financial Services Investment Companies (ASC 946), (b) information about changes, if any, in an entity s status as an investment company, and (c) information about financial support provided or contractually required to be provided by an investment company to any of its investees. The ASU is effective for an entity s interim and annual reporting periods in fiscal years that begin after December 15, 2013. The adoption of ASU No.2013-08 did not have a material impact on the MHFG Group s consolidated results of operations or financial condition.

Accounting pronouncements issued but not yet effective

In May 2014, the FASB issued ASU No.2014-09, Revenue from Contracts with Customers (Topic 606) (ASU No.2014-09). The ASU provides a comprehensive guidance of revenue recognition, in convergence with International Financial Reporting Standards (IFRS), to improve financial reporting in U.S. GAAP by replacing the current complex guidance for recognizing revenue. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In order to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, an entity should disclose the following quantitative and qualitative information: (1) contracts with customers including revenue and impairments recognized, disaggregation of revenue, and information about contract balances and performance obligations, (2) significant judgments and changes in judgments determining the timing of satisfaction of performance obligations, and determining the transaction price and amounts allocated to performance obligations, and (3) assets recognized from the costs to obtain or fulfill a contract. The ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2016. Early application is not permitted. The MHFG Group is currently evaluating the potential impact that the adoption of ASU No.2014-09 will have on its consolidated results of operations and financial condition.

In June 2014, the FASB issued ASU No.2014-11, Transfers and Servicing (Topic 860) Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures (ASU No.2014-11). The ASU changes the accounting for repurchase-to-maturity transactions to secured borrowing accounting. For repurchase financing arrangements, the ASU requires separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for the repurchase agreement. The ASU requires disclosures for certain transactions comprising (1) a transfer of a financial asset accounted for as a sale and (2) an agreement with the same transferee entered into in contemplation of the initial transfer that results in the transferor retaining substantially all of the exposure to the economic return on the transferred financial asset throughout the term of the transaction. The ASU also requires an entity to disclose certain information, including risks related to collateral pledged, for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions that are accounted for as secured borrowings. The ASU is effective for the first interim or annual period beginning after December 15, 2014, except for interim disclosure requirements related to secured borrowings, which are effective for interim periods beginning after March 15, 2015. Earlier application is prohibited. The MHFG Group does not expect that the adoption of ASU No.2014-11 will have a material impact on its consolidated results of operations or financial condition.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (Continued)

In November 2014, the FASB issued ASU No.2014-16, Derivatives and Hedging (Topic 815) Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity (ASU No.2014-16). The ASU clarifies that an entity that issues or invests in a hybrid financial instrument should determine the nature of the host contract by considering the economic characteristics and risks of the entire hybrid financial instrument, including the embedded derivative feature that is being evaluated for bifurcation. The ASU also clarifies that an entity should assess the substance of the relevant terms and features in evaluating the nature of a host contract when considering how to weight those terms and features. Specifically, the assessment of the substance of the relevant terms and features should incorporate a consideration of (1) the characteristics of the terms and features themselves, (2) the circumstances under which the hybrid financial instrument was issued or acquired, and (3) the potential outcomes of the hybrid financial instrument, as well as the likelihood of those potential outcomes. The ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The MHFG Group is currently evaluating the potential impact that the adoption of ASU No.2014-16 will have on its consolidated results of operations and financial condition.

3. Investments

The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale and held-to-maturity securities at March 31, 2014 and September 30, 2014 are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
		(in millions of yen)		
March 31, 2014				
Available-for-sale securities:				
Debt securities:				
Japanese government bonds	22,039,640	20,063	3,727	22,055,976
Japanese local government bonds	241,985	2,783	106	244,662
U.S. Treasury bonds and federal agency securities	158,344	434	4,297	154,481
Other foreign government bonds	719,281	2,356	455	721,182
Agency mortgage-backed securities (1)	955,291	13,288	7,705	960,874
Residential mortgage-backed securities	318,955	14,757	1,707	332,005
Commercial mortgage-backed securities	159,289	3,032	1,417	160,904
Japanese corporate bonds and other debt securities (2)	2,015,045	16,316	3,284	2,028,077
Foreign corporate bonds and other debt securities (3)	559,947	10,755	2,193	568,509
Equity securities (marketable)	1,667,669	1,761,025	6,603	3,422,091

Total	28,835,446	1,844,809	31,494	30,648,761
Held-to-maturity securities:				
Debt securities:				
Japanese government bonds	4,040,083	17,954	220	4,057,817
Total	4,040,083	17,954	220	4,057,817

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (Continued)

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
		(in millions of yen)		
September 30, 2014				
Available-for-sale securities:				
Debt securities:				
Japanese government bonds	22,341,712	13,527	4,144	22,351,095
Japanese local government bonds	237,953	3,720	12	241,661
U.S. Treasury bonds and federal agency securities	145,436	17	4,052	141,401
Other foreign government bonds	817,728	2,287	189	819,826
Agency mortgage-backed securities (1)	925,490	16,999	4,197	938,292
Residential mortgage-backed securities	297,240	15,753	1,428	311,565
Commercial mortgage-backed securities	122,209	977	931	122,255
Japanese corporate bonds and other debt securities (2)	1,957,240	15,113	1,566	1,970,787
Foreign corporate bonds and other debt securities (3)	672,388	11,024	1,152	682,260
Equity securities (marketable)	1,712,467	2,133,767	457	3,845,777
Total	29,229,863	2,213,184	18,128	31,424,919
Held-to-maturity securities:				
Debt securities:				
Japanese government bonds	4,280,303	23,011	37	4,303,277
Agency mortgage-backed securities (4)	586,809	494	1,527	585,776
Total	4,867,112	23,505	1,564	4,889,053

Notes:

(1) Agency mortgage-backed securities presented in the above table consist of U.S. agency securities and Japanese agency securities, of which the fair values were ¥105,553 million and ¥855,321 million, respectively, at March 31, 2014, and ¥83,520 million and ¥854,772 million, respectively, at September 30, 2014. U.S. agency securities primarily consist of Government National Mortgage Association (Ginnie Mae) securities, which are guaranteed by the United States government. All Japanese agency securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.

(2) Other debt securities presented in the above table primarily consist of certificates of deposit (CDs) and asset-backed securities (ABS), of which the total fair values were ¥214,488 million at March 31, 2014, and ¥188,008 million at September 30, 2014.

(3) Other debt securities presented in the above table primarily consist of CDs, ABS, and collateral loan obligations (CLO), of which the total fair values were ¥178,055 million at March 31, 2014, and ¥169,815 million at September 30, 2014.

(4) All Agency mortgage-backed securities presented in the above table at September 30, 2014 are Ginnie Mae securities.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (Continued)

The amortized cost and fair value of available-for-sale and held-to-maturity debt securities at September 30, 2014 by contractual maturity are shown in the table below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Securities not due at a single maturity date and securities embedded with call or prepayment options, such as mortgage-backed securities, are included in the table below based on their contractual maturities.

Amortized cost	**Due in one year or less**	**Due after one year through five years**	**Due after five years through ten years**	**Due after ten years**	**Total**
			(in millions of yen)		
Available-for-sale securities:					
Debt securities:					
Japanese government bonds	5,732,649	14,948,514	1,660,549		22,341,712
Japanese local government bonds	33,738	115,537	87,922	756	237,953
U.S. Treasury bonds and federal agency securities		120,054	10,631	14,751	145,436
Other foreign government bonds	620,660	188,568	8,500		817,728
Agency mortgage-backed securities				925,490	925,490
Residential mortgage-backed securities				297,240	297,240
Commercial mortgage-backed securities	9,254	83,654	29,301		122,209
Japanese corporate bonds and other debt securities	341,120	1,181,334	347,849	86,937	1,957,240
Foreign corporate bonds and other debt securities	295,072	273,977	101,109	2,230	672,388
Total	7,032,493	16,911,638	2,245,861	1,327,404	27,517,396
Held-to-maturity securities:					
Debt securities:					
Japanese government bonds	600,070	3,260,478	419,755		4,280,303
Agency mortgage-backed securities				586,809	586,809
Total	600,070	3,260,478	419,755	586,809	4,867,112

Fair value	**Due in one**	**Due after one**	**Due after five**	**Due after ten years**	**Total**

	year or less	year through five years	years through ten years		
			(in millions of yen)		
Available-for-sale securities:					
Debt securities:					
Japanese government bonds	5,733,251	14,949,491	1,668,353		22,351,095
Japanese local government bonds	33,793	116,286	90,703	879	241,661
U.S. Treasury bonds and federal agency securities		116,166	10,622	14,613	141,401
Other foreign government bonds	621,327	189,855	8,644		819,826
Agency mortgage-backed securities				938,292	938,292
Residential mortgage-backed securities				311,565	311,565
Commercial mortgage-backed securities	9,349	83,557	29,349		122,255
Japanese corporate bonds and other debt securities	341,452	1,186,427	351,310	91,598	1,970,787
Foreign corporate bonds and other debt securities	295,757	278,256	105,062	3,185	682,260
Total	7,034,929	16,920,038	2,264,043	1,360,132	27,579,142
Held-to-maturity securities:					
Debt securities:					
Japanese government bonds	601,224	3,272,412	429,641		4,303,277
Agency mortgage-backed securities				585,776	585,776
Total	601,224	3,272,412	429,641	585,776	4,889,053

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (Continued)

The MHFG Group performs periodic reviews to identify impaired securities in accordance with ASC 320, Investments Debt and Equity Securities (ASC 320). For debt securities, if the MHFG Group has the intent to sell a debt security or more likely than not will be required to sell a debt security before recovery of its amortized cost basis, the full amount of an other-than-temporary impairment loss is recognized immediately through earnings. Other than either case described above, the MHFG Group evaluates expected cash flows to be received and determines if a credit loss exists, and if so, the amount of an other-than-temporary impairment related to the credit loss is recognized in earnings, while the remaining decline in fair value is recognized in other comprehensive income, net of applicable taxes. For equity securities, impairment is evaluated considering the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer, as well as the MHFG Group s ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value. If an equity security is deemed other-than-temporarily impaired, it shall be written down to fair value, with the full decline recognized in earnings.

For the six months ended September 30, 2013 and 2014, the MHFG Group recognized in earnings the other-than-temporary impairment on available-for-sale securities of ¥1,800 million and ¥780 million, respectively, of which ¥1,049 million and ¥307 million, respectively, were on debt securities and ¥751 million and ¥473 million, respectively, were on equity securities. No impairment losses were recognized on held-to-maturity securities for the periods.

The other-than-temporary impairment losses for debt securities were attributable to the decline in the fair value of commercial mortgage-backed securities (CMBS) that the MHFG Group had the intent to sell. In accordance with ASC 320-10-35-33A and ASC 320-10-35-34B, the other-than-temporary impairment of these securities was recognized in earnings. There has never been any instance related to credit losses recognized in earnings on debt securities where a portion of an other-than-temporary impairment was recognized in other comprehensive income.

The other-than-temporary impairment losses for equity securities were mainly attributable to the decline in the fair value of certain foreign equity securities.

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (Continued)

The following table shows the gross unrealized losses and fair value of available-for-sale and held-to-maturity securities, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2014 and September 30, 2014:

	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
			(in millions of yen)			
March 31, 2014						
Available-for-sale securities:						
Debt securities:						
Japanese government bonds	10,526,182	2,871	880,520	856	11,406,702	3,727
Japanese local government bonds	48,471	90	12,730	16	61,201	106
U.S. Treasury bonds and federal agency securities	66,865	2,865	38,432	1,432	105,297	4,297
Other foreign government bonds	203,026	275	7,654	180	210,680	455
Agency mortgage-backed securities (1)	102,904	2,348	76,369	5,357	179,273	7,705
Residential mortgage-backed securities	9,771	137	78,938	1,570	88,709	1,707
Commercial mortgage-backed securities	11,133	117	43,170	1,300	54,303	1,417
Japanese corporate bonds and other debt securities	130,020	359	60,230	2,925	190,250	3,284
Foreign corporate bonds and other debt securities	122,563	1,846	33,960	347	156,523	2,193
Equity securities (marketable)	132,590	6,603	10		132,600	6,603
Total	11,353,525	17,511	1,232,013	13,983	12,585,538	31,494
Held-to-maturity securities:						
Debt securities:						
Japanese government bonds	9,962	40	199,670	180	209,632	220
Total	9,962	40	199,670	180	209,632	220
September 30, 2014						
Available-for-sale securities:						

Debt securities:						
Japanese government bonds	15,428,531	2,818	336,754	1,326	15,765,285	4,144
Japanese local government bonds	10,991	7	6,243	5	17,234	12
U.S. Treasury bonds and federal agency securities	25,235	147	106,014	3,905	131,249	4,052
Other foreign government bonds	212,348	124	11,059	65	223,407	189
Agency mortgage-backed securities (2)			83,200	4,197	83,200	4,197
Residential mortgage-backed securities	114		61,656	1,428	61,770	1,428
Commercial mortgage-backed securities	14,887	113	19,087	818	33,974	931
Japanese corporate bonds and other debt securities	174,108	338	48,630	1,228	222,738	1,566
Foreign corporate bonds and other debt securities	83,112	91	58,382	1,061	141,494	1,152
Equity securities (marketable)	6,914	450	102	7	7,016	457
Total	15,956,240	4,088	731,127	14,040	16,687,367	18,128
Held-to-maturity securities:						
Debt securities:						
Japanese government bonds	89,773	37			89,773	37
Agency mortgage-backed securities (2)	421,063	1,527			421,063	1,527
Total	510,836	1,564			510,836	1,564

Notes:

(1) Agency mortgage-backed securities presented in the above table consist of U.S. agency securities and Japanese agency securities, of which the fair values were ¥105,208 million and ¥74,065 million, respectively, at March 31, 2014. U.S. agency securities primarily consist of Ginnie Mae securities, which are guaranteed by the United States government. All Japanese agency securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.

(2) All Agency mortgage-backed securities presented in the above table at September 30, 2014 are Ginnie Mae securities.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

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(Unaudited) (Continued)

At September 30, 2014, the MHFG Group did not intend to sell the debt securities in an unrealized loss position and it was not more likely than not that the MHFG Group would be required to sell them before recovery of their amortized cost bases. For Japanese government bonds, U.S. Treasury bonds and federal agency securities and Agency mortgage-backed securities, their entire amortized cost bases were expected to be collected since the unrealized losses had not resulted from credit deterioration, but primarily from changes in interest rates. For the debt securities other than those described above, including CMBS with similar credit risks as the other-than-temporarily impaired securities, the MHFG Group determined that it was expected to recover their entire amortized cost bases, after considering various factors such as the extent to which their fair values were below their amortized cost bases, the external and/or internal ratings and the present values of cash flows expected to be collected. Based on the evaluation above, the MHFG Group determined that the debt securities in an unrealized loss position were not considered other-than-temporarily impaired.

The equity securities in an unrealized loss position were determined not to be other-than-temporarily impaired based on the evaluation of the following factors: (1) the severity and duration of the impairments, (2) the financial condition and near-term prospects of the issuers, and (3) the MHFG Group s ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value.

For the six months ended September 30, 2013 and 2014, the gross realized gains on sales of available-for-sale securities were ¥94,874 million and ¥77,001 million, respectively, and the gross realized losses on those sales were ¥23,995 million and ¥2,550 million, respectively.

Other investments

The following table summarizes the composition of Other investments:

	March 31, 2014	September 30, 2014
	(in millions of yen)	
Equity method investments	196,015	195,928
Investments held by consolidated investment companies	70,599	62,020
Other equity interests	526,075	519,030
Total	792,689	776,978

Equity method investments

Investments in investees over which the MHFG Group has the ability to exert significant influence are accounted for using the equity method of accounting. Such investments included marketable equity securities with carrying values of ¥78,458 million and ¥76,608 million, at March 31, 2014 and September 30, 2014, respectively. The aggregate market values of these marketable equity securities were ¥96,471 million and ¥101,311 million, respectively.

The MHFG Group s proportionate share of the total outstanding common shares in Orient Corporation (Orico) as of September 30, 2014 was 21.5% and the MHFG Group and a certain third party still hold convertible preferred shares of Orico, and if fully converted, the MHFG Group s proportionate share of the total outstanding common shares in Orico would increase to 58.0%.

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(Unaudited) (Continued)

Investments held by consolidated investment companies

The MHFG Group consolidates certain investment companies over which it has control through either ownership or other means. Investment companies are subject to specialized industry accounting which requires investments to be carried at fair value, with changes in fair value recorded in earnings. The MHFG Group maintains this specialized industry accounting for investments held by consolidated investment companies, which consist of marketable and non-marketable investments.

Other equity interests

Other equity interests consist primarily of non-marketable equity securities outside the scope of ASC 320, of which the fair values are not readily determinable. The MHFG Group has neither significant influence nor control over the investees. Each of these securities is stated at acquisition cost, with an other-than-temporary impairment, if any, included in earnings. The MHFG Group monitors the status of each investee, including its credit rating, to determine whether impairment losses should be recognized.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

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(Unaudited) (Continued)

4. Loans

The table below presents loans outstanding by domicile and industry of borrower at March 31, 2014 and September 30, 2014:

	March 31, 2014	September 30, 2014
	(in millions of yen)	
Domestic:		
Manufacturing	8,025,932	8,224,644
Construction and real estate	7,204,594	7,131,627
Services	3,956,742	4,121,005
Wholesale and retail	5,350,707	5,496,471
Transportation and communications	3,247,394	3,216,234
Banks and other financial institutions	3,460,147	3,691,134
Government and public institutions	6,734,451	5,496,257
Other industries (Note)	4,983,821	4,925,132
Individuals:		
Mortgage loans	11,187,206	11,072,515
Other	787,313	797,274
Total domestic	54,938,307	54,172,293
Foreign:		
Commercial and industrial	12,937,005	13,622,717
Banks and other financial institutions	4,610,141	5,178,551
Government and public institutions	883,004	942,179
Other (Note)	255,083	400,996
Total foreign	18,685,233	20,144,443
Total	73,623,540	74,316,736
Less: Unearned income and deferred loan fees net	138,586	143,403
Total loans before allowance for loan losses	73,484,954	74,173,333

Note:

Other industries of domestic and Other of foreign include trade receivables and lease receivables of consolidated VIEs.

Credit quality information

In accordance with the MHFG Group s credit risk management policies, the Group uses an internal rating system that consists of credit ratings and pool allocations as the basis of its risk management infrastructure. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings which represent the ultimate possibility of incurring losses on individual loans by taking into consideration various factors such as collateral or guarantees involved. In principle, obligor ratings are applied to all obligors except those to which pool allocations are applied, and are subject to regular review at least once a year as well as special review which is required whenever the obligor s credit standing changes. Pool allocations are applied to groups of small balance, homogeneous loans. The Group pools loans with similar risk characteristics, and the risk is assessed and managed according to such pools. The Group generally reviews the appropriateness and effectiveness of the approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

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(Unaudited) (Continued)

The table below presents the MHFG Group s definition of obligor ratings used by Mizuho Bank, Ltd. (MHBK) and Mizuho Trust & Banking Co., Ltd. (MHTB):

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

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(Unaudited) (Continued)

The table below presents credit quality information of loans based on the MHFG Group s internal rating system at March 31, 2014 and September 30, 2014:

	Normal obligors				**Watch obligors excluding special attention obligors (1)**				
	A-B	**C-D**	**Retail (2)**	**Other (3)**	**E1-E2**	**Retail (2)**	**Other (3)**	**Impaired loans**	**Total**
				(in millions of yen)					
arch 31, 2014									
omestic:									
anufacturing	4,248,490	2,467,326	109,258	310,703	636,348	21,117	3,820	228,870	8,025,932
onstruction and al estate	2,890,563	3,066,852	623,385	161,177	303,746	20,577	381	137,913	7,204,594
ervices	1,946,764	1,558,609	205,939	6,998	135,030	24,958		78,444	3,956,742
holesale and tail	2,029,723	2,632,048	249,304	63,116	178,520	42,086	10	155,900	5,350,707
ransportation nd ommunications	2,388,541	658,680	88,911	1,348	50,667	11,159		48,088	3,247,394
anks and other nancial stitutions	2,602,545	664,843	2,030	4,780	174,328	165		11,456	3,460,147
overnment and ublic stitutions	6,678,104	8,347		48,000					6,734,451
ther industries	1,907,714	754,137	3,383	2,240,879	7,804	401	68,642	861	4,983,821
dividuals		197,725	11,266,620	169,655	40,606	101,718	2,823	195,372	11,974,519
otal domestic	24,692,444	12,008,567	12,548,830	3,006,656	1,527,049	222,181	75,676	856,904	54,938,307
oreign:									
otal foreign	10,600,531	4,349,587	6,621	2,782,476	513,610	14	144,238	288,156	18,685,233
otal	35,292,975	16,358,154	12,555,451	5,789,132	2,040,659	222,195	219,914	1,145,060	73,623,540

eptember 30, 014									
omestic:									
Ianufacturing	4,692,905	2,417,682	112,126	242,474	578,539	18,580	1,306	161,032	8,224,644
onstruction and al estate	3,086,310	2,958,189	610,415	138,644	201,360	17,595	362	118,752	7,131,627
ervices	2,175,357	1,533,777	203,582	4,398	99,277	22,595		82,019	4,121,005
Vholesale and tail	2,158,285	2,694,316	248,629	58,664	151,132	40,153	120	145,172	5,496,471
ransportation nd ommunications	2,400,627	624,380	89,281	1,344	38,154	10,475		51,973	3,216,234
anks and other nancial stitutions	2,842,428	810,128	2,131	4,495	26,193	189		5,570	3,691,134
overnment and ublic stitutions	5,487,910	8,347							5,496,257
ther industries	1,995,951	734,172	3,430	2,130,028	9,151	344	51,452	604	4,925,132
dividuals		211,895	11,204,174	139,021	35,373	94,233	2,691	182,402	11,869,789
otal domestic	24,839,773	11,992,886	12,473,768	2,719,068	1,139,179	204,164	55,931	747,524	54,172,293
oreign:									
otal foreign	12,317,646	4,278,661	7,226	2,754,314	424,825	13	132,637	229,121	20,144,443
otal	37,157,419	16,271,547	12,480,994	5,473,382	1,564,004	204,177	188,568	976,645	74,316,736

Notes:

(1) Special attention obligors are watch obligors with debt in troubled debt restructuring (TDR) or 90 days or more delinquent debt. Loans to such obligors are considered impaired.
(2) Amounts represent small balance, homogeneous loans which are subject to pool allocations.
(3) Non-impaired loans held by subsidiaries other than MHBK and MHTB constitute Other, since their portfolio segments are not identical to those of MHBK and MHTB.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

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(Unaudited) (Continued)

Impaired loans

Loans are considered impaired when, based on current information and events, it is probable that the MHFG Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loans. Factors considered by management in determining if a loan is impaired include delinquency status and the ability of the debtor to make payment of the principal and interest when due. The Group classifies loans to special attention, intensive control, substantially bankrupt and bankrupt obligors as impaired loans. Impaired loans include loans past due for 90 days or more and restructured loans that meet the definition of TDR in accordance with ASC 310, Receivables (ASC 310). The Group does not have any loans to borrowers that cause management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms for the periods presented other than those already designated as impaired loans.

All of the Group s impaired loans are designated as nonaccrual loans and thus interest accrual and amortization of net origination fees are suspended and capitalized interest is written off. Cash received on nonaccrual loans is accounted for as reduction of the loan principal if the ultimate collectibility of the principal amount is uncertain, otherwise, as interest income. Loans are not restored to accrual status until interest and principal payments are current and future payments are reasonably assured. Impaired loans return to non-impaired loans, as well as accrual status, when the MHFG Group determines that the borrower poses no problems regarding current certainty of debt fulfillment. In general, such determination is made if the borrower qualifies for an obligor rating of E2 or above and is not classified as a special attention obligor. With respect to loans restructured in TDR, in general, such loans return to non-impaired loans, as well as accrual status, when the borrower qualifies for an obligor rating of D or above. The table below presents impaired loans information at March 31, 2014 and September 30, 2014:

	Recorded investment (1)						
	Requiring an allowance for loan losses	Not requiring an allowance for loan losses (2)	Total	Unpaid principal balance	Related allowance (3)	Average recorded investment	Interest income recognized (4)
				(in millions of yen)			
March 31, 2014							
Domestic:							
Manufacturing	216,579	12,291	228,870	240,660	74,367	259,889	4,086
Construction and real estate	107,932	29,981	137,913	163,813	30,724	183,437	2,213
Services	66,651	11,793	78,444	88,537	20,199	83,754	1,671
Wholesale and retail	142,886	13,014	155,900	172,641	51,274	161,288	2,795
	44,237	3,851	48,088	54,149	14,691	50,387	939

Transportation and communications							
Banks and other financial institutions	11,390	66	11,456	11,480	4,049	12,474	163
Other industries	781	80	861	2,020	108	3,486	19
Individuals	91,715	103,657	195,372	206,341	9,391	215,422	3,714
Total domestic	682,171	174,733	856,904	939,641	204,803	970,137	15,600
Foreign:							
Total foreign	276,292	11,864	288,156	290,161	118,360	291,981	4,750
Total	958,463	186,597	1,145,060	1,229,802	323,163	1,262,118	20,350

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(Unaudited) (Continued)

	Recorded investment (1)						
	Requiring an allowance for loan losses	Not requiring an allowance for loan losses (2)	Total	Unpaid principal balance	Related allowance (3)	Average recorded investment	Interest income recognized (4)
	(in millions of yen)						
September 30, 2014							
Domestic:							
Manufacturing	150,053	10,979	161,032	171,399	52,233	194,951	1,274
Construction and real estate	92,524	26,228	118,752	136,631	22,734	128,332	926
Services	70,475	11,544	82,019	90,664	20,020	80,231	814
Wholesale and retail	133,932	11,240	145,172	151,762	50,570	150,536	1,301
Transportation and communications	48,651	3,322	51,973	57,174	11,609	50,031	512
Banks and other financial institutions	5,504	66	5,570	5,589	2,160	8,513	51
Other industries	504	100	604	1,006	63	733	7
Individuals	81,804	100,598	182,402	191,870	8,343	188,887	1,658
Total domestic	583,447	164,077	747,524	806,095	167,732	802,214	6,543
Foreign:							
Total foreign	221,832	7,289	229,121	229,385	80,261	258,638	1,960
Total	805,279	171,366	976,645	1,035,480	247,993	1,060,852	8,503

Notes:

(1) Amounts represent the outstanding balances of nonaccrual loans. The MHFG Group s policy for placing loans in nonaccrual status corresponds to the Group s definition of impaired loans.

(2) These impaired loans do not require an allowance for loan losses because the MHFG Group has sufficient collateral to cover probable loan losses.

(3) The allowance for loan losses on impaired loans includes the allowance for groups of small balance, homogeneous loans totaling ¥425,391 million and ¥419,680 million as of March 31, 2014 and September 30, 2014 which were collectively evaluated for impairment, in addition to the allowance for those that were individually evaluated for impairment.

(4) Amounts represent gross interest income on impaired loans which were included in Interest income on loans in the consolidated statements of income.

The remaining balance of impaired loans which had been partially charged off was ¥24,957 million and ¥21,874 million as of March 31, 2014 and September 30, 2014, respectively.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (Continued)

Troubled debt restructurings

The MHFG Group considers a TDR to be a restructuring in which it, for economic or legal reasons related to the obligor s financial difficulties, grants a concession to the obligor that it would not otherwise consider. The Group considers the relevant obligor to be in financial difficulty when its obligor rating is E2 or below. The following table presents TDRs that were made during the six months ended September 30, 2013 and 2014:

	Loan forgiveness or debt to equity swaps		Interest rate reduction and/or Postponement of principal and/or interest
	Recorded investment (1)	Charge-offs (2)	
	(in millions of yen)		
September 30, 2013			
Domestic:			
Manufacturing			106,138
Construction and real estate	748	4	26,401
Services	309	555	27,924
Wholesale and retail	5	149	91,144
Transportation and communications			19,647
Banks and other financial institutions			16,483
Other industries			927
Individuals			27,439
Total domestic	1,062	708	316,103
Foreign:			
Total foreign			20,410
Total	1,062	708	336,513
September 30, 2014			
Domestic:			
Manufacturing		1,236	55,570
Construction and real estate			19,554
Services			34,324
Wholesale and retail			79,515
Transportation and communications			14,359

Banks and other financial institutions		9,632
Other industries		1,867
Individuals		18,588
Total domestic	1,236	233,409
Foreign:		
Total foreign		28,079
Total	1,236	261,488

Notes:

(1) Amounts represent the book values of loans immediately after the restructurings.

(2) Charge-offs represent the loss impact on the consolidated statements of income for the interim period that resulted from the restructurings.

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Payment default is deemed to occur when the loan becomes three months past due or the obligor is downgraded to the category of substantially bankrupt or bankrupt. The following table presents payment defaults which occurred during the six months ended September 30, 2013 and 2014 with respect to the loans modified as TDRs within the previous twelve months:

	Recorded investment	
	September 30, 2013	September 30, 2014
	(in millions of yen)	
Domestic:		
Manufacturing	9,864	2,704
Construction and real estate	1,461	980
Services	1,845	1,221
Wholesale and retail	16,707	4,699
Transportation and communications	11,188	433
Other industries	107	
Individuals	3,513	2,363
Total domestic	44,685	12,400
Foreign:		
Total foreign		173
Total	44,685	12,573

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Age analysis of past due loans

The table below presents an analysis of the age of the recorded investment in loans that are past due at March 31, 2014 and September 30, 2014:

	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total
			(in millions of yen)			
March 31, 2014						
Domestic:						
Manufacturing	2,834	2,193	14,452	19,479	8,006,453	8,025,932
Construction and real estate	5,412	3,440	44,852	53,704	7,150,890	7,204,594
Services	2,185	1,235	10,304	13,724	3,943,018	3,956,742
Wholesale and retail	3,205	4,561	12,180	19,946	5,330,761	5,350,707
Transportation and communications	832	573	3,265	4,670	3,242,724	3,247,394
Banks and other financial institutions		1	5	6	3,460,141	3,460,147
Government and public institutions					6,734,451	6,734,451
Other industries	9	29	34	72	4,983,749	4,983,821
Individuals	38,466	18,488	56,605	113,559	11,860,960	11,974,519
Total domestic	52,943	30,520	141,697	225,160	54,713,147	54,938,307
Foreign:						
Total foreign	87	23	10,935	11,045	18,674,188	18,685,233
Total	53,030	30,543	152,632	236,205	73,387,335	73,623,540
September 30, 2014						
Domestic:						
Manufacturing	1,634	1,437	8,854	11,925	8,212,719	8,224,644
Construction and real estate	3,034	2,067	46,483	51,584	7,080,043	7,131,627
Services	1,403	1,982	9,258	12,643	4,108,362	4,121,005
Wholesale and retail	5,306	2,105	10,993	18,404	5,478,067	5,496,471

Transportation and communications	1,597	208	2,716	4,521	3,211,713	3,216,234
Banks and other financial institutions			5	5	3,691,129	3,691,134
Government and public institutions					5,496,257	5,496,257
Other industries	17		1,038	1,055	4,924,077	4,925,132
Individuals	32,412	16,988	54,083	103,483	11,766,306	11,869,789
Total domestic	45,403	24,787	133,430	203,620	53,968,673	54,172,293
Foreign:						
Total foreign	60	16	7,504	7,580	20,136,863	20,144,443
Total	45,463	24,803	140,934	211,200	74,105,536	74,316,736

Loans held for sale

Loans that have been identified for sale are classified as loans held for sale within Other assets and are accounted for at the lower of cost or fair value. The outstanding balance of loans held for sale was ¥58,745 million and ¥55,905 million at March 31, 2014 and September 30, 2014, respectively. Subsequent to September 30, 2014, credit quality in respect of exposure to certain obligors deteriorated due primarily to changes in the business environment surrounding those obligors. The MHFG Group is in the process of evaluating the impact.

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5. Allowance for loan losses

The MHFG Group maintains an appropriate amount of allowance for loan losses to absorb probable losses inherent in the loan portfolio and makes adjustments to such allowance through Provision (credit) for loan losses in the consolidated statements of income. Loan principal that management judges to be uncollectible, based on detailed loan reviews and a credit quality assessment, is charged off against the allowance for loan losses. In general, the MHFG Group charges off loans when the Group determines that the debtor should be classified as substantially bankrupt or bankrupt. See Note 4 Loans for the definitions of obligor categories. Obligors classified in the retail portfolio segment are generally determined to be substantially bankrupt when they are past due for more than six months, and as for other obligors, the Group separately monitors the credit quality of each obligor without using time-based triggers. Subsequent recoveries of previously charged-off loan balances are recorded as an increase to the allowance for loan losses as the recoveries are received.

The credit quality review process and the credit rating process serve as the basis for determining the allowance for loan losses. Through such processes loans are categorized into groups to reflect the probability of default, whereby the MHFG Group s management assesses the ability of borrowers to service their debt, taking into consideration current financial information, ability to generate cash, historical payment experience, analysis of relevant industry segments and current trends. In determining the appropriate level of the allowance, the MHFG Group evaluates the probable loss by category of loan based on its risk type and characteristics.

The allowance for loan losses is determined in accordance with ASC 310 and ASC 450, Contingencies (ASC 450). The MHFG Group measures the impairment of a loan when it is probable that the Group will be unable to collect all amounts due according to the contractual terms of the loan agreement, based on (1) the present value of expected future cash flows, after considering the restructuring effect and subsequent payment default with respect to TDRs, discounted at the loan s initial effective interest rate, (2) the loan s observable market price or (3) the fair value of the collateral if the loan is collateral dependent. The collateral that the Group obtains for loans consists primarily of real estate or listed securities. In obtaining the collateral, the Group evaluates the fair value of the collateral and its legal enforceability. The Group also conducts subsequent re-evaluations at least once a year. As it pertains to real estate, valuation is generally conducted by an appraising subsidiary which is independent from the Group s loan origination sections by using generally accepted valuation techniques such as (1) the replacement cost approach, (2) the sales comparison approach or (3) the income approach. In the case of large real estate collateral, the Group generally retains third-party appraisers to conduct the valuation. As it pertains to listed securities, observable market prices are used for valuation.

At MHBK and MHTB, when management estimates probable credit losses to determine the allowance for loan losses, small balance, homogeneous loans are classified in the retail portfolio segment to which pool allocations apply, and loans other than these classified in the retail portfolio segment are classified in the corporate portfolio segment. The corporate portfolio segment consists of loans originated by MHBK and MHTB, and includes mainly business loans such as those used for working capital and capital expenditure, as well as loans for which the primary source of repayment of the obligation is income generated by the relevant assets such as project finance, asset finance and real estate finance. The retail portfolio segment consists mainly of residential mortgage loans, originated by MHBK. The other portfolio segment consists of loans of subsidiaries other than MHBK and MHTB, such as consolidated VIEs and overseas subsidiaries.

The formula allowance is applied to groups of small balance, homogeneous loans that are collectively evaluated for impairment and to non-homogeneous loans that have not been identified as impaired. The evaluation of inherent loss in respect of these loans involves a high degree of uncertainty, subjectivity and judgment because probable loan losses are not easily identifiable or measurable. In determining the formula allowance, the MHFG

MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

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(Unaudited) (Continued)

Group therefore relies on a statistical analysis that incorporates loss rates based on its own historical loss experience and third-party data such as the number of corporate default cases which is updated once a year. In determining the allowance amount, the Group analyzes (1) the probability of default: (a) through the most recently available data since April 2008 for the corporate portfolio segment, and for the past six years for the retail portfolio segment, respectively, in the case of normal obligors; and (b) through the most recently available data since April 2002, in the case of watch obligors; and (2) the loss given default through the most recently available data for the past six years. As it pertains to TDR loans in the retail portfolio segment, which are subject to collective evaluation for impairment, the restructuring itself, as well as subsequent payment default, if any, are considered in determining obligor ratings.

The historical loss rate is adjusted, where appropriate, to reflect current factors, such as general economic and business conditions affecting the key lending areas of the MHFG Group, credit quality trends, specific industry conditions within portfolio segments and recent loss experience in particular segments of the portfolio. The estimation of the formula allowance is back-tested on a periodic basis by comparing the allowance with the actual results subsequent to the balance sheet date.

Changes in Allowance for loan losses by portfolio segment for the six months ended September 30, 2013 and 2014 are shown below:

	Corporate	Retail	Other	Total
		(in millions of yen)		
Six months ended September 30, 2013				
Balance at beginning of period	641,895	109,189	21,873	772,957
Provision (credit) for loan losses	(94,698)	(7,948)	6,378	(96,268)
Charge-offs	30,697	2,127	5,004	37,828
Less: Recoveries	9,656	1,966	9	11,631
Net charge-offs	21,041	161	4,995	26,197
Others (Note)	6,988		1,328	8,316
Balance at end of period	533,144	101,080	24,584	658,808
Six months ended September 30, 2014				
Balance at beginning of period	501,349	95,542	29,286	626,177

Provision (credit) for loan losses	(90,097)	(6,740)	5,276	(91,561)
Charge-offs	15,117	1,656	7,367	24,140
Less: Recoveries	11,883	696	2,145	14,724
Net charge-offs	3,234	960	5,222	9,416
Others (Note)	3,557		(955)	2,602
Balance at end of period	411,575	87,842	28,385	527,802

Note: Others include primarily foreign exchange translation.

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(Unaudited) (Continued)

The table below presents Allowance for loan losses and loans outstanding by portfolio segment disaggregated on the basis of impairment method at March 31, 2014 and September 30, 2014:

	Corporate	Retail	Other	Total
	(in millions of yen)			
March 31, 2014				
Allowance for loan losses	501,349	95,542	29,286	626,177
of which individually evaluated for impairment	327,011	11,735	10,562	349,308
of which collectively evaluated for impairment	174,338	83,807	18,724	276,869
Loans (Note)	54,651,867	12,922,564	6,049,109	73,623,540
of which individually evaluated for impairment	1,100,938	39,250	54,127	1,194,315
of which collectively evaluated for impairment	53,550,929	12,883,314	5,994,982	72,429,225
September 30, 2014				
Allowance for loan losses	411,575	87,842	28,385	527,802
of which individually evaluated for impairment	264,589	10,178	10,432	285,199
of which collectively evaluated for impairment	146,986	77,664	17,953	242,603
Loans (Note)	55,802,173	12,826,672	5,687,891	74,316,736
of which individually evaluated for impairment	954,401	36,595	52,492	1,043,488
of which collectively evaluated for impairment	54,847,772	12,790,077	5,635,399	73,273,248

Note: Amounts represent loan balances before deducting unearned income and deferred loan fees.

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(Unaudited) (Continued)

6. Other assets and liabilities

The following table sets forth the details of other assets and liabilities at March 31, 2014 and September 30, 2014:

	March 31, 2014	September 30, 2014
	(in millions of yen)	
Other assets:		
Accounts receivable from brokers, dealers and customers for securities transactions	1,122,247	1,773,830
Collateral provided for derivative transactions	466,420	821,182
Prepaid pension cost	403,654	433,430
Miscellaneous receivables	315,037	275,026
Margins provided for futures contracts	147,376	148,922
Security deposits	121,675	113,623
Loans held for sale	58,745	55,905
Other	563,841	601,718
Total	3,198,995	4,223,636
Other liabilities:		
Accounts payable to brokers, dealers and customers for securities transactions	1,325,455	2,293,764
Guaranteed trust principal	591,647	514,772
Miscellaneous payables	473,028	498,861
Collateral accepted for derivative transactions	432,820	457,703
Factoring amounts owed to customers	382,189	318,284
Margins accepted for futures contracts	289,381	253,653
Unearned income	141,735	138,180
Other	785,768	652,831
Total	4,422,023	5,128,048

Unearned income

Unearned income is primarily comprised of refundable fees received from consumer loan customers at the time the loan was made, which is being deferred and recognized in earnings as earned.

Guaranteed trust principal

Guaranteed trust principal is the liability of certain consolidated trust arrangements, which the MHFG Group provides guarantees for the repayment of principal. See Note 16 Variable interest entities and securitizations for further discussion of the guaranteed principal money trust.

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(Unaudited) (Continued)

7. Preferred and common stock

The composition of preferred stock at March 31, 2014 and September 30, 2014 is as follows:

March 31, 2014

Class of stock	Aggregate amount (in millions of yen)	Number of shares Authorized	Issued	In treasury
Eleventh series class XI preferred stock (1)	914,752	914,752,000	914,752,000	602,100,700
Thirteenth series class XIII preferred stock		36,690,000		
First series class XIV preferred stock (2)		900,000,000		
Second series class XIV preferred stock (2)		900,000,000		
Third series class XIV preferred stock (2)		900,000,000		
Fourth series class XIV preferred stock (2)		900,000,000		
First series class XV preferred stock (3)		900,000,000		
Second series class XV preferred stock (3)		900,000,000		
Third series class XV preferred stock (3)		900,000,000		
Fourth series class XV preferred stock (3)		900,000,000		
First series class XVI preferred stock (4)		1,500,000,000		
Second series class XVI preferred stock (4)		1,500,000,000		
Third series class XVI preferred stock (4)		1,500,000,000		
Fourth series class XVI preferred stock (4)		1,500,000,000		
Total	914,752	4,251,442,000	914,752,000	602,100,700

September 30, 2014

Class of stock	Aggregate amount (in millions of yen)	Number of shares Authorized	Issued	In treasury
Eleventh series class XI preferred stock (1)	914,752	914,752,000	914,752,000	636,853,600
First series class XIV preferred stock (2)		900,000,000		
Second series class XIV preferred stock (2)		900,000,000		
Third series class XIV preferred stock (2)		900,000,000		
Fourth series class XIV preferred stock (2)		900,000,000		
First series class XV preferred stock (3)		900,000,000		
Second series class XV preferred stock (3)		900,000,000		
Third series class XV preferred stock (3)		900,000,000		
Fourth series class XV preferred stock (3)		900,000,000		

First series class XVI preferred stock [4]		1,500,000,000		
Second series class XVI preferred stock [4]		1,500,000,000		
Third series class XVI preferred stock [4]		1,500,000,000		
Fourth series class XVI preferred stock [4]		1,500,000,000		
Total	914,752	4,214,752,000	914,752,000	636,853,600

Notes:

(1) The aggregate amount and number of issued shares include the preferred stock in treasury which has been converted to common stock but not yet cancelled.

(2) The total number of authorized shares from first to fourth series class XIV preferred stock shall not exceed 900,000,000.

(3) The total number of authorized shares from first to fourth series class XV preferred stock shall not exceed 900,000,000.

(4) The total number of authorized shares from first to fourth series class XVI preferred stock shall not exceed 1,500,000,000.

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(Unaudited) (Continued)

The number of issued shares of common stock at March 31, 2014 and September 30, 2014 was 24,263,885,187 shares and 24,392,920,767 shares, respectively. The increase of 129,035,580 shares was due to conversion of preferred stock by holders and exercise of stock acquisition rights.

8. Dividends

Dividends on preferred stock and common stock during the six months ended September 30, 2013 and 2014 were as follows:

September 30, 2013	Cash dividends	
	Per share	In aggregate (Note)
Class of stock	(in yen)	(in millions of yen)
Eleventh series class XI preferred stock	10	3,407
Thirteenth series class XIII preferred stock	15	550
Common stock	3	72,435
Total		76,392

September 30, 2014	Cash dividends	
	Per share	In aggregate (Note)
Class of stock	(in yen)	(in millions of yen)
Eleventh series class XI preferred stock	10	3,127
Common stock	3.5	84,886
Total		88,013

Note: Dividends paid on treasury stock are excluded.

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(Unaudited) (Continued)

9. Accumulated other comprehensive income (loss)

Changes in each component of Accumulated other comprehensive income (loss), net of tax (AOCI) for the six months ended September 30, 2013 and 2014 are as follows:

	Six months ended September 30,	
	2013	2014
	(in millions of yen)	
AOCI, balance at beginning of period	777,997	1,117,877
Unrealized net gains (losses) on available-for-sale securities:		
Balance at beginning of period	995,124	1,123,272
Unrealized holding gains (losses) during period	253,280	297,125
Less: reclassification adjustments for losses (gains) included in net income	(44,520)	(47,622)
Change during period	208,760	249,503
Balance at end of period	1,203,884	1,372,775
Foreign currency translation adjustments:		
Balance at beginning of period	(82,420)	(6,434)
Foreign currency translation adjustments during period	32,243	47,042
Less: reclassification adjustments for losses (gains) included in net income		215
Change during period	32,243	47,257
Balance at end of period	(50,177)	40,823
Pension liability adjustments:		
Balance at beginning of period	(134,707)	1,039
Unrealized gains (losses) during period	106	332
Less: reclassification adjustments for losses (gains) included in net income	2,197	(8)
Change during period	2,303	324
Balance at end of period	(132,404)	1,363
Total other comprehensive income (loss), net of tax attributable to MHFG shareholders	243,306	297,084

AOCI, balance at end of period	1,021,303	1,414,961

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The following table shows the amounts reclassified out of AOCI into net income during the six months ended September 30, 2014.