

3.D. Risk Factors

Investing in our securities involves a high degree of risk. You should carefully consider the risks described below as well as the other information in this annual report, including our consolidated financial statements and related notes, “Item 5. Operating and Financial Review and Prospects,” “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk” and “Selected Statistical Data.”

Our business, financial condition and operating results could be materially adversely affected by any of the factors discussed below. The trading price of our securities could decline due to any of these factors. This annual report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this annual report. See “Forward-Looking Statements.”

Risks Relating to Our Business

International conflicts and geopolitical disruptions may have an adverse effect on us.

Due to the situation in Ukraine, Japan, the United States and some European countries have imposed economic sanctions on Russia. Furthermore, concerns about deteriorating US-China relations are growing as the United States and its allies begin to implement more assertive measures against China. Against the backdrop of the growing international conflicts and geopolitical disruptions, our clients and suppliers may face challenges of business contraction, volatile prices and supply chain instability and be compelled to reevaluate their business strategies. Moreover, the international situation could lead to declines in corporate earnings and a rise in uncertainty in financial markets, which could result in an increase in our credit-related costs, a decrease in the value of our assets and a negative impact on our liquidity. The increasingly stringent regulations resulting from the geopolitical disruptions could further lead to enhanced regulatory compliance risk and the related risk of reputational damage. As a result of any of the foregoing, our business, financial condition and results of operations may be materially and adversely affected.

We may be adversely affected if economic or market conditions in Japan or elsewhere deteriorate.

We conduct a wide variety of business operations in Japan as well as overseas, including in the United States, Europe and Asia. If general economic conditions in Japan or other regions were to deteriorate or if the financial markets become subject to turmoil, we could experience weakness in our business, as well as deterioration in the quality of our assets. As a result, our financial condition and results of operations could be materially and adversely affected.

Amendments and other changes to the laws and regulations that are applicable to us could have an adverse effect on us.

We are subject to general laws, regulations and accounting rules applicable to our business activities in and outside of Japan. We are also subject to various laws and regulations applicable to financial institutions such as the Banking Act, including capital adequacy requirements, in and outside of Japan. If the laws and regulations that are applicable to us are amended or otherwise changed, such as in a way that restricts us from engaging in business activities that we currently conduct or that requires us to incur additional costs related to our IT systems, our business, financial condition and results of operations could be materially and adversely affected.

Our reputation could be adversely affected if our business operations are perceived as being harmful to the environment and society.

As concerns regarding environmental and social issues, such as climate change, biodiversity and human rights, have heightened in recent years, we believe that our stakeholders as well as the society at large expect that we, as a financial services provider, give increasing consideration to such issues. While we are strengthening our

efforts to reduce environmental and social risks, including establishing comprehensive policies for, among others, engaging with specific sectors that are likely to exacerbate negative impacts on the environment and society or engagement across multiple sectors, the expectations placed upon us and companies which we invest in or extend loans to continue to heighten day by day. Although we may from time to time establish environmental, social or governance objectives or targets, there is no assurance that we will be successful in achieving such objectives or targets or that such objectives or targets will not be changed. Our reputation may be harmed and credit-related costs could rise if our or such companies' efforts fall short of such expectations. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Climate change could have an adverse effect on us.

Following the adoption of the Paris Agreement in 2015, measures to reduce greenhouse gases that are seen as the cause of climate change have been promoted globally. As the participating nations agreed on the target to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels at the UN Climate Change Conference in Glasgow (COP26) held in 2021, and such target was reaffirmed at COP27 held in 2022, governments and others have been accelerating their measures to counter climate change, and addressing climate change risks, among various environmental and social issues, has become increasingly important.

We believe climate change is a threat to our environment, society, daily lives and the activities of companies, and view it as one of the most important global issues which may affect the stability of financial markets. Climate change risks include transition risks caused by changes in a wide range of policies, laws and regulations, technologies and markets due to moving to a low carbon economy. Typical examples of such transition risks include mid- to long-term credit-related cost increases for business sectors that emit more greenhouse gases. We may also suffer a deterioration of our reputation due to our financing of businesses that, for example, handle fossil fuels such as coal-fired power generation businesses. Climate change risks may also include physical risks, such as direct damages to assets, or indirect effects, such as the severance of supply chains. Examples of potential risks in the near term include increases in credit-related costs due to deterioration in the business performance of our customers as a result of stagnation in their businesses or decreases in the value of collateral assets caused by changes in climate and the effects thereof. Examples of potential long-term risks include increases in credit-related costs due to deteriorating macroeconomic conditions, which may be caused in part by an increase in infectious diseases, heatstroke or other related ailments.

We regularly review our strategy and risk management structure in order to manage the aforementioned risks, while paying attention to global trends. However, if our initiatives do not have their anticipated effects and climate change risks, whether or not contemplated above, materialize, our business operations, results and financial conditions could be materially and adversely affected.

The transition of interest rate benchmarks such as LIBOR could have adverse effects on our financial condition and results of operations.

Many of our products and services refer to benchmark interest rates such as the London Interbank Offered Rate ("LIBOR"). We also utilize such benchmark interest rates for our own evaluation of financial instruments and various other internal management purposes.

In light of the LIBOR manipulation scandal that surfaced in 2012, many financial authorities around the world have commented on a transition to the risk-free rate as the benchmark interest rate to improve reliability and transparency. In addition, in July 2017, the Chief Executive of the Financial Conduct Authority of the United Kingdom ("FCA"), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to present rates for the calculation of the LIBOR benchmark after 2021. Later in March 2021, ICE Benchmark Administration Limited ("IBA"), the administrator of LIBOR, announced that it would cease the publication of JPY, GBP, EUR, CHF LIBOR and certain USD LIBOR settings immediately after the end of 2021 and cease the publication of the remaining USD LIBOR settings after the end of June 2023. Since December 2021, IBA has ceased the publication of JPY, GBP, EUR and CHF LIBOR, and the 1-week and 2-months USD LIBOR as scheduled.

We have taken measures to prepare us for the cessation of publication of LIBOR and the shift to a successor interest rate benchmark across the entire group, and the transition to the successor benchmark is progressing as planned, including the remaining USD LIBOR, the publication of which will cease at the end of June 2023. Issues such as the transition of a particular benchmark to a replacement rate could result in widespread dislocation in the financial markets, engender volatility in the pricing of securities, derivatives and other instruments, and suppress capital markets activities. As a result, the transition could, for example, cause hedging accounting items to be derecognized and increase litigation risks regarding our existing products and services, which could adversely impact our profitability. There can be no assurance that a change in the benchmark interest rate and related valuation methods will not have a material adverse effect on our financial condition and results of operations. We may also be adversely affected if the change restricts our ability to provide products and services or if it necessitates the development of additional information technology systems.

Intensification of competition in the market for financial services could have an adverse effect on us.

We offer comprehensive financial services globally, centered on banking, trust banking and securities, and are subject to intense competition both domestically and internationally with large financial institutions, non-bank financial institutions and others. In addition, as a result of “FinTech,” an increasing number of companies have been crossing industry lines and entering the field of finance, and it is possible that the competitive environment surrounding us may further intensify. Moreover, due to the reforms to financial regulations made to date, it may become difficult to differentiate strategies between us and our competitors, resulting in the intensification of competition in specific businesses.

If we are unable to respond effectively to current or future competition, our business, financial condition and results of operations could be adversely affected. In addition, intensifying competition and other factors could lead to reorganization within the financial services industry, and this could have an adverse effect on our competitive position or otherwise adversely affect the price of our securities.

Our business could be significantly disrupted due to natural disasters, terrorism, outbreaks of infectious diseases, accidents or other causes.

Our headquarters, branch offices, information technology centers, computer network connections and other facilities are subject to the risk of damage from natural disasters such as earthquakes and typhoons as well as from acts of terrorism and other criminal acts. In addition, our business could be materially disrupted as a result of an outbreak of infectious disease. Our business, financial condition and results of operations could be adversely affected if our recovery efforts, including our implementation of contingency plans that we have developed such as establishing back-up offices, are not effective in preventing significant disruptions to our business operations caused by such natural disasters, terrorism, other criminal acts and outbreaks of infectious diseases. For example, massive natural disasters such as the March 2011 Great East Japan Earthquake, or outbreaks of infectious diseases such as the Coronavirus Disease 2019 (COVID-19) Pandemic may have various adverse effects, including a deterioration in economic conditions, declines in the business performance of many of our corporate customers and declines in stock prices. As a result, our financial condition and results of operations could be materially and adversely affected due to an increase in the amount of problem loans and credit-related costs as well as an increase in unrealized losses on, or losses from sales of, equity securities and financial products.

We may be required to increase allowance for credit losses on loans and/or incur significant credit-related and other costs in the future due to problem loans.

We are the primary bank lender for a large number of our corporate customers, and the amount of our loans and other claims to each of our major customers is significant. In addition, while we have made efforts to diversify our credit exposure along industry lines, the proportion of credit exposure to customers in the real estate and manufacturing industries as well as banks and other financial institutions is relatively high. We manage our credit portfolio by regularly monitoring the credit profile of each of our customers, the progress made on

restructuring plans and credit exposure concentrations in particular industries or corporate groups that are expected to be affected when risk events occur, and we also utilize credit derivatives for hedging and credit risk mitigation purposes. We also periodically assess the value of the relevant collateral or guarantee. However, depending on the status of domestic and global credit cycles, the business environment in particular industries, prices of real estate assets and other factors, the amount of our problem loans and other claims could increase significantly, including as a result of the deterioration in the credit profile of customers for which we are the primary bank lender, other major customers or customers belonging to industries to which we have significant credit exposure, and the value of collateral and guarantees could decline. There can be no assurance that credit-related and other costs will not increase in the future as a result of the foregoing or otherwise.

Our equity investment portfolio exposes us to market risks that could adversely affect our financial condition and results of operations.

We hold substantial investments in marketable equity securities, mainly common stock of Japanese listed companies. We have established the “Policy Regarding Cross-holding of Shares of Other Listed Companies” and, in light of the potential material adverse impact on our financial position associated with stock market volatility risk, we have decided to hold the shares of other companies as cross-shareholdings only when these holdings are meaningful, and we have accordingly sold a portion of such investments. In addition, in order to lower the risk of stock market volatility, we have been applying partial hedges as we deem necessary. However, significant declines in Japanese stock prices in the future would lead to unrealized losses, losses on impairment and losses from sales of equity securities. In addition, net unrealized gains and losses on such investments, based on Japanese GAAP, are taken into account when calculating the amount of capital for purposes of the calculation of our capital adequacy ratios, and as a result, a decline in the value of such investments would negatively affect such ratios. Accordingly, our financial condition and results of operations could be materially and adversely affected.

Changes in interest rates could adversely affect our financial condition and results of operations.

We hold a significant amount of bonds, consisting mostly of Japanese government bonds, as well as U.S. Treasury bonds and other instruments primarily for the purpose of investment and in our trading account. For example, following the U.S. interest rate rises since early 2022, we recorded significant trading account losses for the fiscal year ended March 31, 2022 and 2023 with respect to our holding of foreign bonds. As a result of such holdings, an increase in interest rates, primarily yen interest rates and U.S. dollar interest rates, could lead to unrealized losses of bonds or losses from sales of bonds. In addition, due mainly to differences in maturities between financial assets and liabilities, changes in interest rates could have an adverse effect on our average interest rate spread. We manage interest rate risk under our risk management policies, which provide for adjustments in the composition of our bond portfolio and the utilization of derivatives and other hedging methods to reduce our exposure to interest rate risk. However, in the event of significant changes in interest rates, including as a result of a change in Japanese or U.S. monetary policy, increased sovereign risk due to deterioration of public finances and market trends, our financial condition and results of operations could be materially and adversely affected.

Our financial condition and results of operations could be adversely affected by foreign exchange rate fluctuations.

A portion of our assets and liabilities is denominated in foreign currencies, mainly the U.S. dollar. The difference between the amount of assets and liabilities denominated in foreign currencies leads to foreign currency translation gains and losses in the event of fluctuations in foreign exchange rates. Although we hedge a portion of our exposure to foreign exchange rate fluctuation risk, our financial condition and results of operations could be materially and adversely affected if future foreign exchange rate fluctuations significantly exceed our expectations.

We may incur further losses relating to decreases in the market liquidity of assets that we hold.

The market liquidity of the various marketable assets that we hold may decrease significantly due to turmoil in financial markets and other factors, and the value of such assets could decline as a result. If factors such as

turmoil in global financial markets or the deterioration of economic or financial conditions cause the market liquidity of our assets to decrease significantly, our financial condition and results of operations could be materially and adversely affected.

Our pension-related costs could increase as a result of revised assumptions or changes in our pension plans.

Our pension-related costs and projected benefit obligations are calculated based on assumptions regarding projected returns on pension plan assets and various actuarial assumptions relating to the plans. If actual results differ from our assumptions or we revise our assumptions in the future, due to changes in the stock markets, interest rate environment or otherwise, our pension-related costs and projected benefit obligations could increase. In addition, any future changes to our pension plans could also lead to increases in our pension-related costs and projected benefit obligations. As a result, our financial condition and results of operations could be materially and adversely affected.

A decrease in deferred tax assets, net of valuation allowance, due to a change in our estimation of future taxable income or change in Japanese tax policy could adversely affect our financial condition and results of operations.

We record deferred tax assets, net of valuation allowance, based on a reasonable estimation of future taxable income in accordance with applicable accounting standards. Our financial condition and results of operations could be materially and adversely affected if our deferred tax assets decrease due to a change in our estimation of future taxable income, a change in tax rate as a result of tax system revisions or other factors. Because we consider the sale of available-for-sale securities and equity securities to be a qualifying tax-planning strategy, turmoil in financial markets such as significant declines in stock prices could lead to a decrease in our estimated future taxable income.

Financial transactions entered into for hedging and other similar purposes could adversely affect our financial condition and results of operations.

The accounting and valuation methods applied to credit and equity derivatives and other financial transactions that we enter into for hedging and credit risk mitigation purposes are not always consistent with the accounting and valuation methods applied to the assets that are being hedged. Consequently, in some cases, due to changes in the market or otherwise, losses related to such financial transactions during a given period may adversely affect net income, while the corresponding increases in the value of the hedged assets do not have an effect on net income for such period. As a result, our financial condition and results of operations could be materially and adversely affected during the period.

Impairment of the carrying value of our long-lived assets could materially and adversely affect our financial condition and results of operations.

We periodically review our long-lived assets that are held for use for events or changes in circumstances that indicate possible impairment. Our impairment review is based on an undiscounted cash flow analysis of a group of assets, combined with associated liabilities, at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset group exceeds the future undiscounted cash flows that the asset group is expected to generate. When impairment is identified, the future cash flows are then discounted to determine the estimated fair value of the asset group and an impairment charge is recorded for the difference between the carrying value and the estimated fair value of the asset group. We cannot accurately predict the amount and timing of any impairment of long-lived assets. Should these assets not generate sufficient cash flows to justify their carrying value and we recognize impairment losses thereon, there could be a material adverse effect on our financial condition and results of operations.

Our business will be adversely affected if we encounter difficulties in raising funds.

We rely principally on deposits and bonds as our funding sources. In addition, we also raise funds in the financial markets. In particular, our foreign currency funding structure relies more on capital markets compared

to our yen-based funding. Our efforts to maintain stable funding, such as setting maximum limits on financial market funding and monitoring our liquidity position to apply appropriate funding policies, may not be sufficient to prevent significant increases in our funding costs or, in the case mainly of foreign currencies, cash flow problems if we encounter difficulties in attracting deposits or otherwise raising funds. Such difficulties could result, among other things, from any of the following:

- a reduction in the size and liquidity of the debt markets due for example to the decline in the domestic and global economy, concerns regarding the financial system or turmoil in financial markets and other factors;
- adverse developments with respect to our financial condition and results of operations; or
- downgrading of our credit ratings or damage to our reputation.

As a result, our business, financial condition and results of operations could be materially and adversely affected.

Downgrades in our credit ratings could have negative effects on our funding costs and business operations.

Credit ratings are assigned to Mizuho Financial Group, our banking subsidiaries and a number of our other subsidiaries by major domestic and international credit rating agencies. The credit ratings are based on information furnished by us or obtained by the credit rating agencies from independent sources and are also influenced by credit ratings of Japanese government bonds and general views regarding the Japanese financial system as a whole. The credit ratings are subject to revision, suspension or withdrawal by the credit rating agencies at any time. A downgrade in our credit ratings could result in, among other things, the following:

- increased funding costs and other difficulties in raising funds;
- the need to provide additional collateral in connection with financial market transactions; and
- the termination or cancellation of existing agreements.

As a result, our business, financial condition and results of operations could be materially and adversely affected.

For example, assuming a downgrade occurred on March 31, 2023, the additional collateral requirement in connection with our derivative contracts if other conditions remain unchanged, would have been approximately ¥8.5 billion for a one-notch downgrade and approximately ¥25.1 billion for a two-notch downgrade.

Failure to maintain capital adequacy ratios and other regulatory standards above minimum required levels could have material adverse effects.

Capital adequacy regulations

We are subject to capital adequacy regulations as prescribed by the Financial Services Agency (including regulations pertaining to additional capital buffers for “global systemically important banks” (G-SIBs) as a result of our designation as a G-SIB) based on the Basel III rules text issued by the Basel Committee on Banking Supervision (which provides a detailed description of international standards for bank capital and liquidity), both on a consolidated basis and with respect to each of our principal banking subsidiaries. The revised capital adequacy regulations based on the finalized Basel III reforms published by the Basel Committee on Banking Supervision will be applied to us from the end of March 2024. See “Item 5. Operating and Financial Review and Prospects—Capital Adequacy” and “Item 4.B. Business Overview—Supervision and Regulation—Japan—Capital Adequacy.”

If the capital adequacy ratios of us or our principal banking subsidiaries fall below specified levels, the Financial Services Agency could require us to take corrective actions, including, depending on the level of deficiency, the submission of a plan to limit the outflow of capital or an improvement plan that would strengthen the capital base, a reduction (or slowing of increase) of total assets, a reduction in the size of some business operations, a disposition of subsidiary shares and a suspension of all or a portion of business operations. In addition, some of our banking subsidiaries are subject to capital adequacy regulations in foreign jurisdictions

such as the United States, and in the event of a breach of these regulations, they could be subject to various restrictions and orders from local authorities. Such events could adversely affect our business, financial condition and results of operations.

Leverage ratio regulations

We are subject to leverage ratio regulations as prescribed by the Financial Services Agency based on the Basel III rules text issued by the Basel Committee on Banking Supervision, both on a consolidated basis and with respect to each of our principal banking subsidiaries. The regulations pertaining to leverage ratio buffers for G-SIBs based on the finalized Basel III reforms published by the Basel Committee on Banking Supervision have been implemented from the end of March 2023. In addition, the amendments to the leverage ratio calculation method based on such finalized reforms will be implemented from the end of March 2024. See “Item 5. Operating and Financial Review and Prospects–Capital Adequacy” and “Item 4.B. Business Overview–Supervision and Regulation–Japan–Leverage Ratio.”

If the leverage ratio of us or our principal banking subsidiaries falls below a certain ratio, the Financial Services Agency could require us to take corrective actions, including, depending on the level of deficiency, the submission of a plan to limit the outflow of capital or an improvement plan that would strengthen the capital base, a reduction (or slowing of increase) of total assets, a reduction in the size of some business operations, a disposition of subsidiary shares and a suspension of all or a portion of business operations. In addition, some of our banking subsidiaries are subject to leverage ratio regulations in foreign jurisdictions and regions where they operate such as the United States, and in the event of a violation of these regulations, they could be subject to various restrictions and orders from local authorities. Such events could adversely affect our business, financial condition and results of operations.

Total Loss Absorbing Capacity (TLAC) regulations

As we have been designated as a G-SIB, we and our material subsidiaries are subject to total loss absorbing capacity (TLAC) regulations as prescribed by the Financial Services Agency based on “Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution” issued by the Financial Stability Board. See “Item 5. Operating and Financial Review and Prospects–Capital Adequacy” and “Item 4.B. Business Overview–Supervision and Regulation–Japan–Total Loss Absorbing Capacity.”

If our external TLAC ratio or the internal TLAC amounts of our material subsidiaries fall below a certain threshold, the Financial Services Agency could require the submission of a plan to improve such external TLAC ratio or internal TLAC amounts or may issue a business improvement order which could include various restrictions on, or suspension of portions of, our business. Such events could adversely affect our business, financial condition and results of operations.

Capital procurement

The capital raising that we conduct in light of our regulatory capital requirements, including those conducted in response to TLAC requirements but excluding Common Equity Tier 1 capital requirements, consists primarily of the issuance of debt instruments. In the event of a deterioration in our financial condition or results of operations, a downgrade in our credit rating, or the spread of negative rumors or other reputational damage, an economic downturn in Japan or overseas, financial system instability or financial market turmoil, we may become unable to raise capital at commercially reasonable costs, or at all, which may prevent us from maintaining or improving our capital adequacy ratios in accordance with our plans. Such events could adversely affect our business, financial condition and results of operations.

Problems relating to our information technology (IT) systems could significantly disrupt our business operations.

We depend significantly on information technology systems with respect to almost all aspects of our business operations. Our information technology systems network, including those relating to bank accounting

and cash settlement systems, interconnects our branches and other offices, our customers and various clearing and settlement systems located worldwide. We endeavor to sustain stable daily operations and develop contingency plans for unexpected events, including the implementation of backup and redundancy measures.

However, we may not be able to prevent significant disruptions to our information technology systems caused by, among other things, human error, accidents and development and renewal of computer systems. In the event of any future disruptions in our IT systems, our business, financial condition and results of operations could be materially and adversely affected due to information leaks, malfunctions or disruptions in our business operations, liability to customers and others, regulatory actions or harm to our reputation.

In February and March 2021, there were several system failure incidents at Mizuho Bank (also at Mizuho Trust & Banking Co., Ltd. for the incidents on August 20, 2021) that resulted in aborted customer transactions across our network in Japan, including ATM and internet banking transactions and foreign exchange remittances. On September 22, 2021 and November 26, 2021, we and Mizuho Bank received business improvement orders from the Financial Services Agency. In response to the business improvement orders received on November 26, 2021, we and Mizuho Bank submitted a business improvement plan to the Financial Services Agency on January 17, 2022. We and Mizuho Bank have been providing reports of the status of implementation of the business improvement plan to the Financial Services Agency every three months, starting from March 31, 2022.

Problems relating to cyber attacks could significantly impair our ability to protect our customer's private information and disrupt our business operations.

Our business depends on the secure processing, storage and transmission of confidential and other information within our global IT systems. There have been a number of highly publicized cases involving financial services companies, consumer-based companies, governmental agencies and other organizations reporting the unauthorized access of client, customer or other confidential information in recent years, as well as cyber attacks involving the dissemination, theft and destruction of corporate information or other assets, using ransomware or other malicious code, as a result of failure by employees or contractors to follow procedures or as a result of actions by third parties, including actions by foreign governments. In addition, the risk of cyber attacks from foreign government or state-sponsored actors may increase due to international conflicts and geopolitical tension.

As we and our outside contractors continue to be the target of unauthorized access attacks, mishandling or misuse of information, computer viruses or malware, cyber attacks designed to obtain confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, denial of service attacks, data breaches and other events, there can be no assurance that we will not suffer any losses or other consequences in the future as a result of significant incidents due to these cyber attacks. Although our Cyber Incident Response Team (CIRT) has led the implementation of, and continuously endeavors to upgrade, our protective measures using advanced technologies, our IT systems, software and computer networks may be vulnerable to unauthorized access, misuse, computer viruses, ransomware or other malicious code and other events that could have a security impact. Due to the complexity and interconnectedness of our global IT systems, these protective measures may be ineffective, and the process of enhancing our protective measures can itself create a risk of system disruption and security issues, and there can be no assurance that our current or future countermeasures will be sufficient to prevent or mitigate the impact of such incidents.

A cyber attack, information or security breach or a technology failure that involves us or our outside contractors could jeopardize our or our customers', employees', partners', vendors' or counterparties' personal, confidential, proprietary or other information processed and stored in, and transmitted through, our and our outside contractors' IT systems. Furthermore, such events could cause interruptions or malfunctions in our, our customers', employees', partners', vendors', counterparties' or outside contractor's operations, as well as the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of ours, our employees, our customers or of other third parties. Any of these events could result in

reputational damage with our customers and the market, customer dissatisfaction or financial losses, any of which could adversely affect our financial condition and results of operations.

Our reputation could be harmed and we may be subject to liabilities and regulatory actions if we are unable to protect personal and other confidential information, including as a result of cyber attacks.

We handle various confidential or non-public information, including those of our individual and corporate customers, in the ordinary course of our business. The information management policies we maintain and enforce to prevent information leaks and improper access to such information, including those that we require of our outside contractors and those designed to meet the strict requirements of the Personal Information Protection Act of Japan, may not be effective in preventing all such problems. Leakage of important information in the future, including as a result of cyber attacks, could result in liabilities and regulatory actions and may also lead to significant harm to our reputation. In addition, recent or future regulatory changes, such as the Japan Amended Personal Information Protection Act, the EU General Data Protection Regulation and the UK Competition and Markets Authority's Open Banking standard, increase the risks relating to our ability to comply with rules that impact our ability to protect information. Non-compliance with such regulations could result in regulatory proceedings, litigation, enforcement or the imposition of fines or penalties. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Inadequacies in anti-money laundering and counter-terrorism financing measures could subject us to regulatory actions and harm our reputation.

As financial crimes become more diverse and sophisticated, and incidents of terrorism continue to occur around the world, the importance of anti-money laundering measures and the need to counter the financing of terrorism is rapidly increasing and is a key priority for financial authorities worldwide, including Japan. We have developed a system to comply with applicable laws and regulations in Japan and overseas, and we are continuously implementing measures to further strengthen measures against money laundering. However, there can be no assurance that such measures will be effective in preventing all violations, and failure to comply with regulations and requirements can result in enforcement and/or regulatory proceedings. If we fail to meet the regulatory requirements to which we are subject, or to maintain risk and control procedures and processes that meet the heightened standards established by our regulators and other government agencies, we could be required to enter into settlements, comply with orders, pay additional fines, penalties or judgments, or accept material regulatory restrictions on our businesses. As a result, our business, financial condition and results of operations may be materially and adversely affected.

On November 26, 2021, Mizuho Bank received a corrective order from the Ministry of Finance. In response to the corrective order, Mizuho Bank submitted a report on improvement and prevention measures on December 17, 2021 to the Ministry of Finance and continues to provide such reports on a quarterly basis to the Ministry of Finance.

Transactions with state sponsors of terrorism may lead some potential customers and investors to avoid doing business with us or investing in our securities or have other adverse effects.

U.S. law generally prohibits U.S. persons from doing business with countries designated by the U.S. Department of State as state sponsors of terrorism (the "Designated Countries"), which currently includes Iran, Syria, North Korea and Cuba, and we maintain policies and procedures to comply with applicable U.S. laws. Our non-U.S. offices engage in transactions relating to the Designated Countries on a limited basis and in compliance with applicable laws and regulations, including trade financing with respect to our customers' export or import transactions and maintenance of correspondent banking accounts. In addition, we maintain a representative office in Iran. We do not believe our operations relating to the Designated Countries are material to our business, financial condition or results of operations. We maintain policies and procedures to ensure compliance with applicable Japanese and U.S. laws and regulations.

The laws and regulations applicable to dealings involving the Designated Countries are subject to further strengthening or changes. If the U.S. government considers that our compliance measures are inadequate, we may be subject to regulatory action which could materially and adversely affect our business. In addition, we may become unable to retain or acquire customers or investors in our securities, or our reputation may suffer, potentially having adverse effects on our business or the price of our securities.

Violations of laws and regulations related to financial market activities could subject us to adverse consequences such as regulatory actions and reputational harm.

In conducting our market operations in Japan and overseas, we are subject to the application of the laws and regulations of Japan and other countries and stock exchange rules, as well as being under the supervision of various financial authorities.

While we maintain compliance measures and endeavor to manage compliance risks, there can be no assurance that such measures will be effective in preventing all violations. Misconduct by employees, including improper or illegal conduct, can cause significant reputational harm as well as litigation and regulatory action. As a result, our business, financial condition and results of operations could be materially and adversely affected due to such regulatory actions and reputational damage.

Violations of applicable laws and regulations and misconduct by our officers or employees could result in penalties and other regulatory actions as well as harm to our reputation.

Our business and employees in Japan are subject to various laws and regulations, including those applicable to financial institutions as well as general laws applicable to our business activities, and we are under the regulatory oversight of the Financial Services Agency. Our businesses outside of Japan are also subject to the laws and regulations of the jurisdictions in which they operate and are subject to oversight by the regulatory authorities of those jurisdictions. In addition to our compliance with applicable laws and regulations, our officers and employees are expected to meet the expectations of our customers and society regarding compliance with relevant social rules and norms, and the standards relating to such expectations are likely to become higher and the rules and norms are subject to change over time.

Our compliance and legal risk management structures are designed to prevent violations of such laws and regulations and cultivate a risk-sensitive culture among our officers and employees, but they may not be effective in preventing all violations and non-compliance.

Violations of laws and regulations and our officers' or employees' misconduct could result in regulatory action and harm our reputation, and our business, financial condition and results of operations could be materially and adversely affected.

Our medium-term business plan and other strategic initiatives and measures may not result in the anticipated outcome.

We have been implementing strategic initiatives and measures in various areas. In May 2023, we announced our medium-term business plan for the three fiscal years ending March 31, 2026. However, we may not be successful in implementing such initiatives and measures, or even if we are successful in implementing them, the implementation of such initiatives and measures may not have their anticipated effects. In addition, we may not be able to meet the key targets announced due to these or other factors, including, but not limited to, differences in the actual economic environment compared to our assumptions, as well as the risks enumerated in these "Risk Factors."

For further information of our medium-term business plan, see "Item 4. Business Overview-General and structural reforms."

We will be exposed to new or increased risks as we expand the range of our products and services.

As a financial consulting group, we offer a broad range of financial services, including banking, trust banking, securities and other services. As the needs of our customers become more sophisticated and broader in scope, and as the Japanese financial industry continues to be deregulated, we have been entering into various new areas of business, including through various business and equity alliances, which expose us to new risks. While we have developed and intend to maintain risk management policies that we believe are appropriate to address such risks, if a risk materializes in a manner or to a degree outside of our expectations, our business, financial condition and results of operations could be materially and adversely affected.

Employee errors and misconduct could subject us to losses and reputational harm.

Because we process a large number of transactions in a broad range of businesses, we are subject to the risk of various operational errors and misconduct, including those caused by employees. Our measures to reduce employee errors, including establishment of operational procedures, regular reviews regarding compliance with these procedures, employee training and automation of our operations, may not be effective in preventing all employee errors and misconduct. Significant operational errors and misconduct could result in losses, regulatory actions or harm to our reputation. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Our business would be harmed if we are unable to attract and retain skilled employees.

Many of our employees possess skills and expertise that are important to maintain our competitiveness and to operate our business efficiently. We may not be successful in attracting and retaining sufficient skilled employees through our hiring efforts and training programs aimed to maintain and enhance the skills and expertise of our employees, in which event our competitiveness and efficiency could be significantly impaired. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Our failure to establish, maintain and apply adequate internal controls over financial reporting could negatively impact investor confidence in the reliability of our financial statements.

As a New York Stock Exchange-listed company and an SEC registrant, we have developed disclosure controls and procedures and internal control over financial reporting pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC promulgated pursuant thereto. Our management reports on, and our independent registered public accounting firm attests to, the effectiveness of our internal controls over financial reporting, as required, in our annual report on Form 20-F. In addition, our management is required to report on our internal control over financial reporting in accordance with the Financial Instruments and Exchange Act of Japan. To the extent any issues are identified through the foregoing processes, there can be no assurance that we will be able to address them in a timely manner or at all. Furthermore, even if our management concludes that our internal control over financial reporting are effective, our independent registered public accounting firm may still be unable to issue a report that concludes that our internal control over financial reporting are effective. In either case, we may lose investor confidence in the reliability of our financial statements.

We are subject to risk of litigation and other legal proceedings.

As a financial institution engaging in banking and other financial businesses in and outside of Japan, we are subject to the risk of litigation for damages and other legal proceedings in the ordinary course of our business. Adverse developments related to legal proceedings could have a material adverse effect on our business, financial condition and results of operations.

Negative rumors about us could have an adverse effect on us.

Our business depends on maintaining the trust of our customers, employees and other stakeholders in the economy and society. In the event that the services provided and activities conducted by us and our officers and

employees are assessed as deviating significantly from the expectations and requests of our stakeholders, tangible and intangible losses, and a negative impact on our brand and reputation may result. We endeavor to prevent such reputational risks from materializing by capturing them at an early stage and responding appropriately. However, in the event that such initiatives are inadequate and the results thereof fail to meet the expectations and requests of our stakeholders, our business, financial condition, results of operations and the price of our securities could be materially and adversely affected.

Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We devote significant resources to maintain and strengthen our risk management policies and procedures. Despite this, and particularly in light of the rapid evolution of our operations, our policies and procedures designed to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon our use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than the historical measures indicate. If our risk management policies and procedures do not function effectively, our financial condition and results of operations could be materially and adversely affected.

We may be subject to risks related to dividend distributions.

As a holding company, we rely on dividend payments from our banking and other subsidiaries for almost all of our income. As a result of restrictions, such as those on distributable amounts under Japan's Companies Act, or otherwise, our banking and other subsidiaries may decide not to pay dividends to us. In addition, we may experience difficulty in making, or become unable to make, dividend payments to our shareholders and dividend or interest payments on capital securities issued by our group due to the deterioration of our results of operations and financial condition and/or the restrictions under the Companies Act or due to the strengthening of bank capital regulations. For more information on restrictions to dividend payments under the Companies Act and bank capital regulations, see "Item 10.B. Additional Information-Memorandum and Articles of Association" and "Item 4.B. Business Overview-Supervision and Regulation-Japan."

Risks Related to Owning Our Shares

Rights of shareholders under Japanese law may be more limited than under the law of other jurisdictions.

Our articles of incorporation, our regulations of the board of directors and Japan's Companies Act govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from or less clearly defined than those that would apply if we were incorporated in another jurisdiction. For example, under the Companies Act, only holders of 3% or more of the total voting rights or total outstanding shares are entitled to examine our accounting books and records. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the law of jurisdictions within the United States or other countries. For more information on the rights of shareholders under Japanese law, see "Item 10.B. Additional Information-Memorandum and Articles of Association."

It may not be possible for investors to effect service of process within the United States upon us or our directors, executive officers or senior management, or to enforce against us or those persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States.

We are a joint stock corporation incorporated under the laws of Japan. Almost all of our directors, executive officers and senior management reside outside the United States. Many of the assets of us and these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for U.S. investors to effect service of process within the United States upon us or these persons or to enforce, against us or these

persons, judgments obtained in the U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. We believe that there is doubt as to the enforceability in Japan, in original actions or in actions to enforce judgments of U.S. courts, of claims predicated solely upon the federal securities laws of the United States.

Risks Related to Owning Our ADSs

As a holder of ADSs, you have fewer rights than a shareholder and you must act through the depositary to exercise these rights.

The rights of our shareholders under Japanese law to take actions such as voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian, is the record holder of the shares underlying the ADSs, a holder of ADSs may not be entitled to the same rights as a shareholder. In your capacity as an ADS holder, you are not able to bring a derivative action, examine our accounting books and records or exercise appraisal rights, except through the depositary.

Foreign exchange rate fluctuations may affect the U.S. dollar value of our ADSs and dividends payable to holders of our ADSs.

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.