

DESCRIPTION OF THE NOTES

The following description of the notes supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of our subordinated debt securities set forth in the accompanying prospectus under the heading “Description of the Debt Securities.” It is important for you to consider the information contained in this prospectus supplement and in the accompanying prospectus and any applicable pricing term sheet in making your investment decision with respect to the notes. Whenever a defined term is referred to but not defined in this section, the definition of that term is contained in the accompanying prospectus or in the Indenture.

General

The notes will constitute subordinated debt securities to be issued under a subordinated indenture between us and The Bank of New York Mellon, as trustee, to be dated on or about September 17, 2019, as may be supplemented from time to time, or the Indenture. The Indenture is qualified under the U.S. Trust Indenture Act of 1939, as amended. The Indenture is more fully described in the accompanying prospectus. Copies of the Indenture and any amendments or supplements thereto will be available at the offices of the trustee.

We will issue the notes in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will be represented by one or more registered notes in global form without coupons deposited with a custodian and registered in the name of DTC or its nominee, in each case for credit to the accounts of direct and indirect participants, including Euroclear and Clearstream. In certain circumstances, the notes may be represented by definitive notes in certificated form. See “Description of the Debt Securities—Form, Book-entry and Transfer” in the accompanying prospectus.

The notes will not be redeemable prior to maturity, except as set forth below under “—Redemption for Taxation Reasons” or “—Redemption for Regulatory Reasons,” and will not be subject to any sinking fund.

In this section, the term “business day” means any day which is not a day on which banking institutions in The City of New York, London or Tokyo are authorized or required by law, regulation or executive order to close.

Ranking

The notes will constitute our direct and unsecured obligations and shall at all times rank *pari passu* and without any preference among themselves and at least equally and ratably with all of our indebtedness that is subordinated to Senior Indebtedness and is in priority to all of our perpetual subordinated indebtedness, including indebtedness in respect of preference or other shares or any other indebtedness which ranks, or is expressed to rank, *pari passu* with, or junior to, indebtedness in respect of perpetual subordinated indebtedness.

Subordination

Upon the occurrence and continuation of a Subordination Event (as defined below), our obligations pursuant to the notes shall be subordinated in right of payment to all Senior Indebtedness and, so long as such Subordination Event continues (and in the case of civil rehabilitation proceedings, so long as neither a Summary Rehabilitation Order (as defined below) nor Consent Rehabilitation Order (as defined below) shall have been issued), no payment will be made under the notes (except for such amounts which shall have become due and payable, other than solely by way of acceleration, prior to the occurrence of a Subordination Event) unless and until (i) in the case of Subordination Event (a), all Senior Indebtedness appearing on the final distribution list prepared by the administrator for the final distribution of bankruptcy assets pursuant to the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended) or any successor legislation thereto, or the Bankruptcy Act, is paid in full or provision has been made for the payment in full thereof pursuant to the Bankruptcy Act, (ii) in the case of

Subordination Event (b), all Senior Indebtedness appearing in the plan of reorganization, at the date such plan has become final and conclusive after approval by a court of competent jurisdiction in Japan, as our indebtedness, subject to modification of such plan, is paid in full to the extent of the original amount of such indebtedness without regard to such modification, (iii) in the case of Subordination Event (c), all Senior Indebtedness appearing in the plan of rehabilitation, at the date such a plan has become final and conclusive after approval by a court of competent jurisdiction in Japan, as our indebtedness, subject to modification in such plan, is paid in full to the extent of the original amount of such indebtedness without regard to such modification or (iv) in the case of Subordination Event (d), conditions equivalent to those set out in (i), (ii) or (iii) above have been fulfilled; provided that, notwithstanding any provision herein to the contrary, if the imposition of any such condition is not allowed under such proceedings, any amount which becomes due under the notes shall become payable in accordance with the Conditions for Payment set forth in the Indenture and not subject to such impermissible condition.

The rights of the holders of the notes will be reinstated with respect to any payments made to holders that are subsequently avoided in the bankruptcy, reorganization or rehabilitation, as though such payments had not been made.

We shall make no amendment or modification to the subordination provisions contained in the Indenture that is prejudicial to any present or future creditor in respect of any of our Senior Indebtedness. No such amendment or modification shall in any event be effective against any such creditor.

A holder of a note by his acceptance thereof shall thereby agree that if any payment is made to the holder of such note with respect to a payment obligation that did not become due and payable prior to the occurrence of a Subordination Event and the amount of such payment shall exceed the amount, if any, that should have been paid to such holder (upon the proper application of the subordination provision of the notes), the payment of such excess amount shall be deemed null and void and such holder shall be obliged to return the amount of the excess payment within ten days after receiving notice of the excess payment, and shall also thereby agree that upon the occurrence of a Subordination Event and so long as such Subordination Event shall continue, such holder shall not exercise any right to set off any of our liabilities under the notes (except for such amounts which shall have become due and payable, other than solely by way of acceleration, prior to the occurrence of a Subordination Event) against any liabilities of such holder owed to us unless, until and only in such amount as our liabilities under the notes become payable pursuant to the proper application of the subordination provisions of the notes.

“Consent Rehabilitation Order” means a decision of a court of competent jurisdiction under Article 217, Paragraph (1) of the Civil Rehabilitation Act to the effect that the procedures for the investigation and confirmation of civil rehabilitation claims as defined in Article 84 of the Civil Rehabilitation Act and the resolution of a civil rehabilitation plan shall be omitted.

“Senior Indebtedness” means all our liabilities (including, for the avoidance of doubt, statutory subordinated bankruptcy claims (*retsugoteki hasan saiken*), as defined under the Bankruptcy Act) other than (i) liabilities under the notes which shall not have become due and payable prior to the occurrence of a Subordination Event, (ii) liabilities under the notes which shall have become due and payable solely by way of acceleration prior to such date and (iii) other liabilities ranking *pari passu* with, or junior to, the notes.

“Subordination Event” means any one of the following events:

- (a) a court of competent jurisdiction in Japan shall have adjudicated us to be bankrupt pursuant to the provisions of the Bankruptcy Act;
- (b) a court of competent jurisdiction in Japan shall have commenced reorganization proceedings with respect to us pursuant to the provisions of the Corporate Reorganization Act of Japan (Act No. 154 of 2002 as amended), or the Reorganization Act;

(c) a court of competent jurisdiction in Japan shall have commenced civil rehabilitation proceedings with respect to us pursuant to the provisions of the Civil Rehabilitation Act of Japan (Act No. 225 of 1999 as amended) or any successor legislation thereto, or the Civil Rehabilitation Act; or

(d) we shall have become subject to bankruptcy, corporate reorganization, civil rehabilitation or other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Japan, which proceedings have an equivalent effect to those set out in (a), (b) or (c) above.

“Summary Rehabilitation Order” means a decision of a court of competent jurisdiction under Article 211, Paragraph (1) of the Civil Rehabilitation Act to the effect that the procedures for the investigation and confirmation of civil rehabilitation claims as defined in Article 84 of the Civil Rehabilitation Act shall be omitted.

For the avoidance of doubt, in the course of any potential bankruptcy proceedings pursuant to the Bankruptcy Act, claims of the holders of the notes (other than claims that shall have become due and payable, other than by way of acceleration, prior to the occurrence of a Subordination Event) will rank junior in priority to statutory subordinated bankruptcy claims (*retsugoteki hasan saiken*), as defined in the Bankruptcy Act, in any distributions in such bankruptcy proceedings. Statutory subordinated bankruptcy claims will constitute Senior Indebtedness.

As a consequence of the subordination provisions in the notes, in the event of the occurrence of a Subordination Event, the holders of the notes may recover less ratably than the holders of our unsubordinated liabilities. Holders of the notes may be required to pursue their claims with respect to the notes in Japan. To the extent that holders of the notes are entitled to any recovery with respect to the notes in any Japanese action or proceeding, such holders might not be entitled in such an action or proceeding to a recovery in U.S. dollars and might be entitled in such an action or proceeding only to a recovery in Japanese yen. We have agreed pursuant to the terms of the Indenture to indemnify the holders of the notes against certain losses incurred as a result of any judgment or order being given or made for any amount due under the notes and such judgment or order being expressed and paid in a currency other than U.S. dollars. See “Description of the Debt Securities—Indemnification of Judgment Currency” in the accompanying prospectus.

Any amounts due under this indemnification and any additional amounts due in respect of Japanese withholding taxes as provided by the terms of the notes will be subordinated in right of payment in any such proceeding. See “Description of the Debt Securities—Taxation and Additional Amounts” in the accompanying prospectus. Pursuant to the provisions of the Bankruptcy Act, Reorganization Act or Civil Rehabilitation Act, the holders of our liabilities (both subordinated and unsubordinated) will be required to file a notice of claim in Japan upon the occurrence of a Subordination Event. Upon the expiration of the period for filing such notices, based on the notices filed and our records, an official list of liabilities that will be entitled to receive distribution in a bankruptcy, reorganization proceeding or rehabilitation proceeding will be determined pursuant to the provisions of the Bankruptcy Act, the Reorganization Act or the Civil Rehabilitation Act.

As of March 31, 2019, we had ¥997.3 billion in outstanding subordinated indebtedness which, upon the occurrence of a Subordination Event, would rank *pari passu* with the obligations under the notes. As of March 31, 2019, we had ¥23,339 billion in indebtedness on a consolidated basis. Neither the Indenture nor the notes contain any limitations on the amount of Senior Indebtedness or other liabilities that we may hereafter incur or assume (including through guarantee obligations) or on the amount of indebtedness or other liabilities that our subsidiaries may hereafter incur.

Principal, Maturity and Interest for the Notes

We expect to issue subordinated notes with the initial aggregate principal amount and maturity date set forth in the applicable pricing term sheet and described on the cover page of this prospectus supplement and under

“Prospectus Supplement Summary—The Offering.” Principal in respect of the notes will be repaid at maturity at a price of 100% of the principal amount unless the notes are previously redeemed or otherwise cancelled.

Interest on the notes will accrue at the rate per annum, and from the date, set forth in the applicable pricing term sheet and described on the cover page of this prospectus supplement and under “Prospectus Supplement Summary—The Offering.” We will pay interest on the notes semiannually in arrears on the dates set forth in the applicable pricing term sheet and described on the cover page of this prospectus supplement and under “Prospectus Supplement Summary—The Offering,” to the persons in whose names the notes are registered as of the close of business on the fifteenth day before the interest payment date (whether or not a business day). Interest on the notes will be paid to but excluding the relevant interest payment date. We will compute interest on the notes on the basis of a 360-day year consisting of twelve 30-day months.

Our obligations to make payments of principal of or interest on the notes are subject to the subordination provisions and the non-viability loss absorption provisions described herein under “—Subordination” and “—Write-Down upon a Non-Viability Event,” respectively.

We will pay the principal of and interest on the notes in U.S. dollars or in such other coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

If any payment is due on the notes on a day that is not a business day, we will make payment on the date that is the next succeeding business day. Payments postponed to the next succeeding business day in this situation will be treated as if they were made on the original due date. Postponement of this kind will not result in a default under the notes, and no interest will accrue on the postponed amount from the original due date to the next succeeding business day.

All payments in respect of the notes will be subject in all cases to any applicable fiscal laws or other laws and regulations, and, except as described in “Description of the Debt Securities—Taxation and Additional Amounts” in the accompanying prospectus, no additional amounts will be payable as a result of the withholding or deduction of any taxes or duties of whatever nature imposed or levied as a result of such laws or regulations.

Redemption for Taxation Reasons

The notes may be redeemed at our option, in whole, but not in part, at any time, subject to prior confirmation of the FSA (if such confirmation is required under the Applicable Banking Regulations (as defined below)), on giving not less than thirty (30) nor more than sixty (60) days’ notice of redemption to the holders (which notice shall be irrevocable and shall conform to all requirements with respect to such notice as set forth in the Indenture) at a redemption price equal to 100% of the principal amount of the notes together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any additional amounts thereon, if (i) we have been or will become obliged to pay additional amounts with respect to the notes as described in “Description of the Debt Securities—Taxation and Additional Amounts” in the accompanying prospectus, or (ii) there is more than an insubstantial risk that, for Japanese corporate tax purposes, any portion of the interest payable on the notes is not or will not be deductible from our taxable income or is or will be required to be deducted from the amount to be excluded from our taxable gross receipts, in each case of (i) and (ii) above, as a result of any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the original issuance date of the notes and such obligation cannot be avoided by the taking of reasonable measures available to us; provided, that in the case of (i) above no such notice of redemption shall be given sooner than ninety (90) days prior to the earliest date on which we would be obliged to pay such additional amounts were a payment then due in respect of such notes. Prior to the publication of any notice of redemption pursuant to this paragraph, we shall deliver to the trustee a certificate signed by an authorized officer stating that the conditions precedent to our right to so redeem have been fulfilled and an opinion of independent legal or tax advisor of recognized standing to the effect that

(i) we have become or will be obliged to pay such additional amounts or (ii) there is more than an insubstantial risk that, for Japanese corporate tax purposes, any portion of the interest payable on the notes is not or will not be deductible from our taxable income or is or will be required to be deducted from the amount to be excluded from our taxable gross receipts, as the case may be, as a result of such change or amendment.

Redemption for Regulatory Reasons

The notes may be redeemed at our option, in whole, but not in part, at any time, subject to prior confirmation of the FSA (if such confirmation is required under the Applicable Banking Regulations), on giving not less than thirty (30) nor more than sixty (60) days' notice of redemption to the holders (which notice shall be irrevocable and shall conform to all requirements with respect to such notice as set forth in the Indenture) at a redemption price equal to 100% of the principal amount of the notes together with accrued and unpaid interest (including additional amounts with respect thereto, if any) to (but excluding) the date fixed for redemption if, as a result of any change in, or amendment to, the Applicable Banking Regulations, which change or amendment becomes effective on or after the issuance date of the notes, we determine after consultation with the FSA that there is more than an insubstantial risk that the notes will be fully excluded from our Tier 2 Capital under the applicable standards set forth in the Applicable Banking Regulations and such exclusion cannot be avoided by us through the taking of reasonable measures available to us. Prior to the publication of any notice of redemption pursuant to this paragraph, we shall deliver to the trustee a certificate signed by an authorized officer stating that the conditions precedent to our right to so redeem have been fulfilled.

“Tier 2 Capital” means, any and all items constituting Tier 2 capital, as defined in the Applicable Banking Regulations.

“Applicable Banking Regulations” means, at any time, the capital adequacy regulations, public ministerial announcements, guidelines and policies then in effect of the FSA or other governmental authority that are applicable to us, including, without limitation, the Public Ministerial Announcement (*kokuji* (No. 20 of the FSA Public Ministerial Announcement of 2006, as amended)).

Write-Down upon a Non-Viability Event

If a Non-Viability Event occurs, the notes will be subject to a “Write-Down” on the Write-Down Date, automatically and without any additional action by us, the trustee, the agents or the holders of the notes.

Upon the Write-Down:

- (i) the full principal amount of each note, except for principal that has become due and payable prior to the occurrence of the Non-Viability Event, will be permanently written down to zero and the notes will be cancelled; and
- (ii) the holders of the notes will be deemed to have irrevocably waived their right to claim or receive, and will not have any rights against us, the trustee or the agents with respect to, payment of principal of or interest on the notes (including additional amounts with respect thereto, if any), except for any payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Non-Viability Event.

Our obligations with respect to, and any claims for, the payment of principal of or interest on the notes (including additional amounts with respect thereto, if any), except for payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Non-Viability Event, will be suspended from the occurrence of the Non-Viability Event until the Write-Down Date.

Except for claims with respect to payments of principal of or interest on the notes (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Non-Viability Event, as described above, upon the occurrence of a Non-Viability Event, (a) the holders of the notes shall have no rights whatsoever under the Indenture or the notes to take any action or enforce any rights or to instruct the trustee to take any action or enforce any rights whatsoever, (b) except for any indemnity or security provided by any holder in such instruction or related to such instruction, any instruction previously given to the trustee by any holders shall cease automatically and shall be deemed null and void and of no further effect, (c) no holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by us arising under, or in connection with, the notes and each holder of notes shall, by virtue of its holding of any notes, be deemed to have irrevocably waived all such rights of set-off, compensation or retention and (d) no holder will be entitled to make any claim in any bankruptcy, insolvency or liquidation proceedings involving us or have any ability to initiate or participate in any such proceedings or do so through a representative.

A “Non-Viability Event” will be deemed to have occurred when the Prime Minister of Japan, following deliberation by Japan’s Financial Crisis Response Council pursuant to the Deposit Insurance Act, confirms (*nintei*) that “Specified Item 2 measures (*tokutei dai nigo sochi*),” which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the Deposit Insurance Act (including any successor articles thereto), as then in effect, need to be applied to us under circumstances where our liabilities exceed or are likely to exceed our assets, or we have suspended or are likely to suspend payment of our obligations. See “Item 4. Information on the Company—4.B. Business Overview—Regulations in Japan—Regulations for Stabilizing the Financial System—Deposit Insurance System” in our annual report on Form 20-F for the fiscal year ended March 31, 2019, which is incorporated by reference herein.

We shall, on the date of or as soon as practicable after the occurrence of a Non-Viability Event, deliver a written notice, or a Write-Down Notice, to the holders of the notes through DTC and to the trustee and the agents, confirming, among other things, the occurrence of such Non-Viability Event and the Write-Down Date. Any failure or delay by us to provide a Write-Down Notice, shall not change or delay the effect of the occurrence of the Non-Viability Event on our payment obligations under the notes.

The “Write-Down Date” means the date on which the Write-Down will become effective, as specified in the relevant Write-Down Notice. The Write-Down Date shall be determined by us in consultation with the FSA and any other supervisory authorities and shall be no less than one and no more than ten business days following the date of the Write-Down Notice.

Following the receipt of a Write-Down Notice by DTC and the commencement of the Suspension Period, DTC will suspend all clearance and settlement of the notes through DTC. Consequently, the holders of beneficial interests in the notes will not be able to settle the transfer of any notes through DTC upon the commencement of the Suspension Period, and any sale or other transfer of the notes that a holder may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by, and will not be settled within, DTC. See “Risk Factors—Risks Related to the Notes—Settlement activities of the notes through DTC will be suspended following DTC’s receipt of a Write-Down Notice specifying the occurrence of a Non-Viability Event.”

“Suspension Period” means the period commencing on the business day in New York immediately following the date on which the relevant Write-Down Notice is received by DTC (except that such period may commence on the second business day in New York immediately following the day on which the Write-Down Notice is received by DTC, if DTC so determines in its discretion in accordance with its rules and procedures) and ending on the Write-Down Date.

If any payment on a note is made to the holder of a note with respect to a payment obligation that did not become due and payable prior to the occurrence of a Non-Viability Event, then the payment of such amount shall be deemed null and void and the holder shall be obliged to return the amount of such payment within ten days after receiving notice of the payment.

Under the Indenture, none of the trustee and the agents shall be under any duty to determine, monitor or report whether a Non-Viability Event has occurred or circumstances exist which may lead to the occurrence of a Non-Viability Event and will not be responsible or liable to the holders or any other person for any loss arising from any failure by it to do so. Unless and until the trustee and the agents receive a Write-Down Notice in accordance with the terms of the Indenture, the trustee and each agent shall be entitled to assume that no Non-Viability Event or other such event or circumstance has occurred or exists. The trustee and each agent shall be entitled, without further enquiry and without liability to any holder or any other person, to rely on any Write-Down Notice and each such Write-Down Notice shall be conclusive evidence of the occurrence of the Non-Viability Event. Each of the trustee, the agents, DTC and any other relevant clearing system shall be entitled without further enquiry and without liability to any holder or any other person to rely conclusively on any Write-Down Notice, and the same shall be conclusive and binding on holders. So long as the notes are held in global form, neither the trustee nor the agents nor any common depository nor any registered holder thereof shall, in any circumstances, be responsible or liable to the holders or any other person for any act, omission or default by DTC or any other relevant clearing system, or its respective participants, members, any broker-dealer or any other relevant third party with respect to the notification and/or implementation of any Write Down by any of them in respect of such notes.

Events of Acceleration; Limited Rights of Acceleration

An Event of Acceleration with respect to the notes means the occurrence and continuation of a Subordination Event. If an Event of Acceleration has occurred and is continuing, and provided that a Non-Viability Event has not occurred, the trustee or the holders of not less than 25% in aggregate principal amount of the notes may, by written notice to us and the trustee (if given by the holders), declare the principal of and all interest then accrued on the notes to be forthwith due and payable upon receipt of such notice by us and, if applicable, the trustee. At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the trustee pursuant to the provisions of the Indenture, the holders of a majority in principal amount of the notes, by written notice to us and the trustee, may rescind and annul such declaration and its consequences provided certain conditions set forth in the Indenture have been satisfied. Except as provided above, neither the trustee nor the holders of the notes will have any right to accelerate any payment of principal or interest in respect of the notes.

If the holders of a majority in principal amount of the notes rescind and annul a declaration of acceleration or if a court of competent jurisdiction shall (i) rescind or terminate a bankruptcy action with respect to us without a distribution of assets pursuant to the Bankruptcy Act, (ii) rescind or terminate a reorganization proceeding with respect to us without approving the plan of reorganization pursuant to the Reorganization Act or (iii) rescind or terminate a rehabilitation proceeding without approving the plan of rehabilitation, or a Summary Rehabilitation Order or Consent Rehabilitation Order is issued, pursuant to the Civil Rehabilitation Act, then such Event of Acceleration shall have the same effect as if it had not occurred.

Pursuant to the Indenture, the trustee shall give notice by mail to the holders of the notes of all defaults known to the trustee that have occurred with respect to the notes, provided that the trustee may, in certain limited circumstances, withhold such notice. The trustee shall transmit the notice within 90 days of such occurrence, unless the defaults have been cured before transmission of such notice.

The Trustee

The Bank of New York Mellon will be the trustee for the notes. The trustee may, subject to certain conditions, act as trustee for other securities issued by us or by our affiliates.

Paying Agent, Transfer Agent and Registrar

The Bank of New York Mellon will initially act as paying agent, transfer agent and registrar for the notes. We may change the paying agent, transfer agent or registrar without prior notice to holders of the notes, and we or any of our subsidiaries may act as paying agent, transfer agent or registrar.

Modification and Waiver

No amendment or modification which is prejudicial to any present or future creditor in respect of any Senior Indebtedness shall be made to the subordination provision contained in the Indenture. In addition, any amendment or modification to the principal terms of the notes is subject to prior confirmation of the FSA, if such confirmation is required under the Applicable Banking Regulations.

We and the trustee may effect certain amendments or modifications to the Indenture or the notes with or without the consent of holders, as the case may be, as described under “Description of the Debt Securities—Modification and Waiver” in the accompanying prospectus.

Governing Law

The notes and the Indenture will be governed by and construed in accordance with the laws of the State of New York.