



# MIZUHO



Mizuho Financial Group

2003

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**Annual Report**  
(April 2002-March 2003)

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Mizuho Financial Group, Inc.

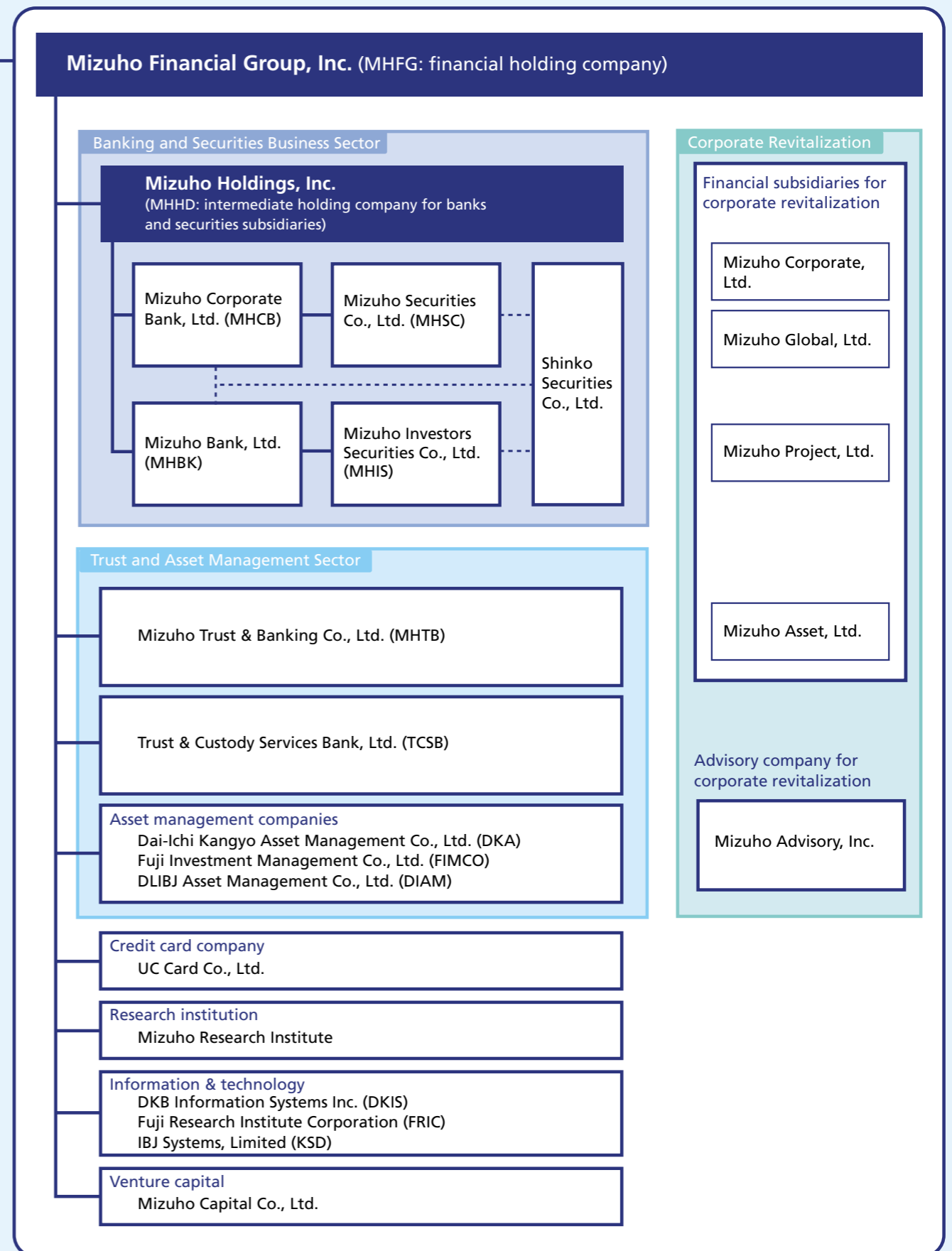
# What's Mizuho Financial Group?

The Mizuho Financial Group precisely and swiftly meets its customers' diverse financial needs through the expertise possessed by and the close collaboration of its group companies, including **Mizuho Corporate Bank**, which primarily serves large corporations and overseas corporations, and **Mizuho Bank**, which deals primarily with individuals, small, medium-sized, and middle market enterprises as well as securities, trust banking and asset management companies.

## History

- 2003 June ○ Mizuho Advisory established as the group's advisory company for corporate revitalization.
- May ○ Mizuho Corporate, Mizuho Global, Mizuho Project, and Mizuho Asset established as the group's financial subsidiaries for corporate revitalization.
- March ○ Implementation of the group's business reorganization.
  - Mizuho Holdings was reformed as an intermediate holding company to manage the banking and securities business sector.
  - Mizuho Securities became a subsidiary of Mizuho Corporate Bank.
  - Mizuho Investors Securities became a subsidiary of Mizuho Bank.
  - Mizuho Trust & Banking and Mizuho Asset Trust & Banking were merged to create Mizuho Trust & Banking.
  - Strategic subsidiaries such as the group's credit card company, asset management company, and IT-related companies that are the backbone of the entire group's management infrastructure, were made direct subsidiaries or affiliates of Mizuho Financial Group.
- January ○ Mizuho Financial Group, Inc. established.
- 2002 April ○ Mizuho Corporate Bank and Mizuho Bank start operations.
- 2000 October ○ Mizuho Securities and Mizuho Trust & Banking start operations.
- September ○ Mizuho Holdings established.

## Corporate Structure



# Financial Highlights (Consolidated)

## Financial Highlights (Consolidated)

The consolidated results for the fiscal year ended March 31, 2003 are for MHFG. The results for the fiscal year ended March 31, 2002 are for MHHD.

For the Fiscal Years ended March 31,	2003		MHHD 2002
	Millions of yen	Thousands of U.S. dollars	Millions of yen
Total Income	¥ 3,441,810	\$ 28,634,030	¥ 5,315,591
Total Expenses	5,703,982	47,454,101	6,740,762
Loss before Income Taxes and Minority Interests	(2,262,172)	(18,820,071)	(1,425,170)
Net Loss	(2,377,172)	(19,776,805)	(976,044)
Cash Dividends*	22,147	184,256	54,985

\*Non-consolidated basis.

At March 31,	2003		MHHD 2002
	Millions of yen	Thousands of U.S. dollars	Millions of yen
Total Assets	¥ 134,032,747	\$ 1,115,081,090	¥ 151,312,427
Securities	23,816,574	198,141,219	24,108,931
Loans and Bills Discounted	69,210,035	575,790,644	84,593,656
Deposits	72,222,642	600,853,928	85,606,236
Total Shareholders' Equity	¥ 2,861,066	\$ 23,802,554	¥ 4,731,420

For the Fiscal Years ended March 31,	2003		MHHD 2002
	yen	U.S. dollars	yen
<b>Per Share of Common Stock</b>			
Net Loss (Common Stock)	¥ (254,524.65)	\$ (2,117.51)	¥ (108,003.27)
<b>Cash Dividends per Share*</b>			
Common Stock	—	—	3,500
Preferred Stock			
First Series Class I Preferred Stock	22,500	187.19	22,500
Second Series Class II Preferred Stock	8,200	68.22	8,200
Third Series Class III Preferred Stock	14,000	116.47	14,000
Fourth Series Class IV Preferred Stock	47,600	396.01	47,600
Fifth Series Class V Preferred Stock	/	/	—
Sixth Series Class VI Preferred Stock	42,000	349.42	42,000
Seventh Series Class VII Preferred Stock	11,000	91.51	11,000
Eighth Series Class VIII Preferred Stock	8,000	66.56	8,000
Ninth Series Class IX Preferred Stock	17,500	145.59	17,500
Tenth Series Class X Preferred Stock	5,380	44.76	5,380
Eleventh Series Class XI Preferred Stock	165	1.37	/
Twelfth Series Class XII Preferred Stock	21	0.17	/
Thirteenth Series Class XIII Preferred Stock	247	2.05	/

\*Non-consolidated basis.

At March 31,	2003	MHHD 2002
<b>Capital Adequacy</b>		
Risk-based Capital Ratio (BIS Capital Ratio)	9.53%	10.56%

## Ratings

At March 31, 2003	R&I		JCR		Moody's		Standard & Poor's		Fitch	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Mizuho Financial Group, Inc.	—	a-1	—	—	—	—	—	—	—	—
Mizuho Holdings	A-	a-1	—	—	—	—	—	—	—	—
Mizuho Corporate Bank	A-	a-1	—	—	A3	P-1	BBB	A-3	BBB+	F2
Mizuho Bank	A-	a-1	—	—	A3	P-1	BBB	A-3	BBB+	F2
Mizuho Securities	A-	a-1	—	J-1	—	—	—	—	—	—
Mizuho Trust & Banking	A-	a-1	A-	—	Baa1	P-2	BBB	—	BBB+	F2

(as of July 31, 2003)

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On behalf of the Mizuho Financial Group, I would like to take this opportunity to extend my sincere gratitude to our shareholders and customers for your continued support.

Last fiscal year, we took speedy and decisive actions for our management reform, including the recent reorganization of our new corporate structure and execution of measures to resolve all major financial issues. In the current fiscal year, we are making every effort in further improving our customer services and enhancing competitiveness and profitability. I would like to assure you that we aim to make this year a year of achievement for Mizuho in response to your support and expectations.

### **Completion of Our New Corporate Structure**

On April 1, 2002, the Mizuho Financial Group launched two banks, namely, Mizuho Corporate Bank, which primarily serves large corporations and overseas corporations, and Mizuho Bank, which deals primarily with individuals and domestic small, medium-sized and middle market enterprises, hence creating a corporate structure under a holding company with four core subsidiaries consisting of these two banks and Mizuho Securities and Mizuho Trust & Banking.

I would also like to take this opportunity to express my deepest apologies for the computer systems problems that occurred at the launching of the two banks mentioned above and affected our domestic services such as delays in automatic debit transactions and problems in ATM services. We immediately established a preventive structure in order not to repeat similar problems and we are undertaking further improvement of our customer services.

Since the group's inauguration, we have aggressively adopted and implemented various measures to carry out management reform. In March of this year, we further reviewed our corporate strategies and instituted the reorganization of our corporate structure in order to further reinforce our comprehensive financial services capabilities and secure stable profitability. Specifically, we strengthened the collaboration between the banking and securities subsidiaries based on customer segmentation. Moreover, Mizuho Trust & Banking and Mizuho Asset Trust & Banking were merged to unify the group's trust banking business. We also set up a new financial holding company, Mizuho Financial Group, Inc., to directly manage strategically important group subsidiaries, including a credit card company, asset management companies and IT-related companies. Furthermore, in order to concurrently promote an early achievement of our corporate customers' revitalization and a further reinforcement of our credit creation function, we initiated the "Corporate Revitalization Project" in the current fiscal year. In this project, we newly established four financial subsidiaries specializing in corporate revitalization and an advisory company with cutting-edge expertise from both domestic and overseas advisors outside the group.

### **Resolving Financial Issues Decisively and Reinforcing Capital Base**

During the last fiscal year, to set a course for a breakthrough on financial issues we faced, we executed drastic financial actions resulting in significant improvement of our asset quality.

First, to promptly resolve the non-performing loan (NPL) issue, we worked to revitalize and support companies through specialized divisions while proactively accelerating final disposals of NPLs. We also significantly increased the level of loan-loss reserves against the risk of future deterioration of assets. As a result, the aggregated Credit-related Costs for Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking (the Two Banks and MHTB) amounted to ¥2,095.2 billion for fiscal 2002.

Second, to reduce the impact of stockholding risks on bank management, we promoted sales of stocks in the market and made use of the Stock Purchasing Operations by the Bank of Japan together with our conservative accounting of stock devaluation, resulting in reducing the aggregated carrying value of stockholdings of

the Two Banks and MHTB by approximately ¥3 trillion. In addition, we also disposed unrealized losses on stocks in subsidiaries and affiliates.

Third, in light of the recent severe economic environment, we made a conservative estimation of future taxable income. By increasing the valuation allowance against deferred tax assets (DTA) by ¥966.7 billion in the second half of last fiscal year, we decided not to book DTA in the same amount additionally on an aggregated basis of Mizuho Corporate Bank and Mizuho Bank.

To deal with the decrease of our capital base that resulted from the aforementioned efforts, we successfully raised new capital of ¥1,081.93 billion by issuing preferred stocks to our domestic customers and institutional investors in March of this year. As a result, the group's consolidated BIS Capital Adequacy Ratio was maintained at 9.53% at the end of the last fiscal year.

### **Reinforcement of Our Financial Services and Profitability**

We are working to maximize profitability by realizing synergy benefits within our group to the fullest and offering quickly more convenient and specialized products and services that meet customers' financial needs.

More specifically, Mizuho Corporate Bank is accelerating transformation from its conventional business model, which heavily depends on volume of assets, to a market-oriented indirect financing model. Mizuho Bank is increasing its profitable assets by developing financial products and services according to customer segmentation, while other group companies are further strengthening their own expertise and strategic focuses as well as actively pursuing group synergies through stronger collaboration within the group.

Additionally, in order to accelerate cost structure reform through thoroughgoing corporate restructuring, we are implementing drastic management rationalization measures that include a significant decrease in the number of employees and redundant offices ahead of schedule, as well as a reduction in the annual compensation of all senior executives and employees. On another front, we achieved a dynamic rejuvenation of the organization by launching a job application system for branch general manager positions to encourage the development and advancement of young employees especially in their thirties, and by introducing an early retirement plan.

Although we made active progress in maximizing our profitability and restructuring, due to our efforts to resolve our financial issues, Mizuho Financial Group's Total Income was ¥3,441.8 billion, Loss before Income Taxes and Minority Interests was ¥2,262.1 billion and Net Loss was ¥2,377.1 billion last fiscal year on a consolidated basis. We also regret that we had to forego the payment of dividends on common stocks for last fiscal year in light of the need to strengthen our financial base. The dividend payments on preferred stocks were made as originally planned.

### **Enhancing Corporate Value**

After completion of the new corporate structure and reinforcement of our financial base, we are now concentrating our full efforts on improving financial services and ensuring the profitability and the competitiveness that befits a financial group with the largest customer base in Japan.

In addition, by our proactive efforts to revitalize companies through our "Corporate Revitalization Project," we will surely make a major contribution to resolve issues that the Japanese economy faces, such as the revitalization of the industrial and financial sectors. We commit to direct the group's overall strength to this project.

In order to enhance the group's corporate value, we are determined to deliver results by quickly and surely implementing the measures we have announced to date. As President & CEO, I sincerely look forward to your continuing support.

July 2003



Terunobu Maeda

President & CEO, Mizuho Financial Group, Inc.

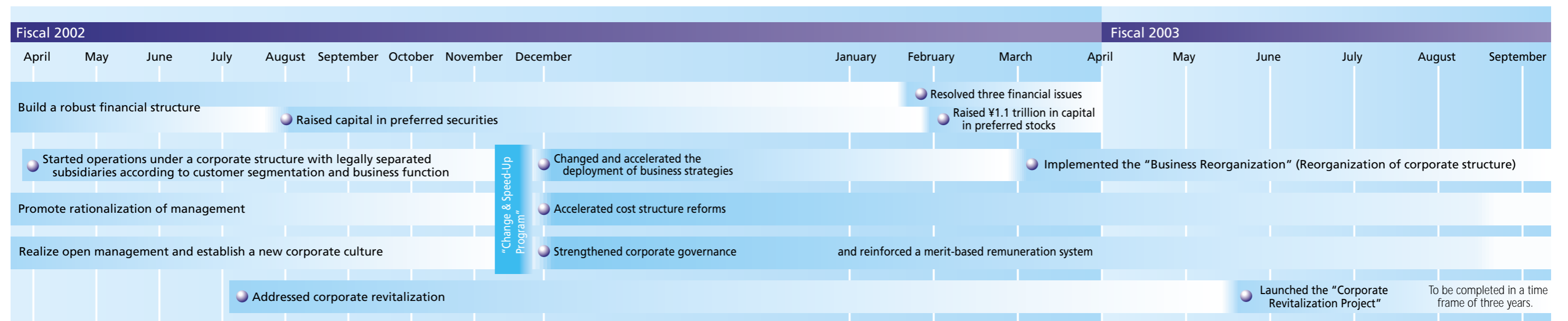


**Aiming to Become an Innovative Financial Services Group that Will Lead the New Era through Cutting-Edge Comprehensive Financial Services**

During fiscal 2002 (ended March 31, 2003), we successfully shifted to a new corporate structure and reinforced our financial base. We have positioned fiscal 2003 as a year of achievement for Mizuho, and the entire group will collaborate in both further improving services to customers and enhancing our competitiveness and profitability.

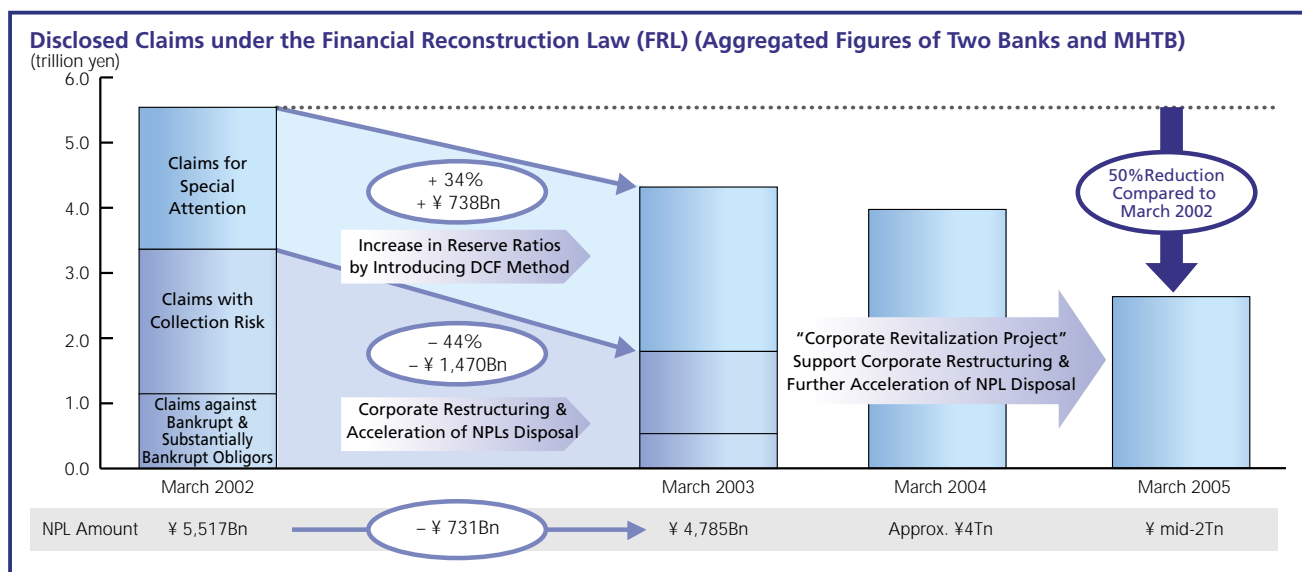
- The group launched two new banks in April 2002, namely, MHCN, to serve large corporations and overseas corporations, and MHBK, to serve individuals and domestic small and medium-sized enterprises (SMEs), and middle market enterprises. Under a corporate structure with legally separated subsidiaries according to customer segmentation and business function, our group companies, including MHCN and MHBK, strengthened their respective expertise while working closely together.
- In fiscal 2002, we adopted a drastic management reform based on our “Change & Speed-Up Program” and other measures, and accelerated their implementation. To realize a dramatic improvement in the soundness of our assets, we significantly accelerated the resolution of the non-performing loan (NPL) issue, greatly reduced stockholding risks and adopted a conservative evaluation of deferred tax assets. We also reinforced our capital base with new capital raising of approximately ¥1.1 trillion by the third party allotment of preferred stocks.

- We also announced the “Business Reorganization Program” to further evolve our business model and reinforce the comprehensive financial services capabilities of the group. In this program, we reorganized our corporate structure to strengthen the synergistic collaboration between MHCN and MHBK as well as between the two banks and securities subsidiaries, and unify our trust banking business. At the same time, we launched the “Corporate Revitalization Project.” Under the new corporate structure, the group companies are accelerating implementation of their business strategies by making maximum use of the group's overwhelming customer base and each company's core strengths.
- In addition, we reduced the number of senior executives and employees, cut their annual compensation, and brought forward closures and consolidation of domestic and overseas branches, most of which are overlapped, to accelerate cost structure reforms through thoroughgoing corporate restructuring.
- We are also striving to encourage group cohesiveness and create an energetic organization by strengthening corporate governance and reinforcing the merit-based remuneration system.



## Resolving Financial Issues and Reinforcing Capital Base

We resolved the following three financial issues: promptly resolving the NPL issue, further reducing stockholding risks, and adopting a conservative evaluation of deferred tax assets. In addition, we also strengthened our capital base.



### Prompt Resolution of NPL Issue

#### ○Acceleration of Final Disposal of NPLs

- 44% decrease in Claims with Collection Risk or worse compared to the end of fiscal 2001.

In addition to working to revitalize and support companies through specialized divisions, we prepared financial provisions to support restructuring of large problem borrowers and accelerated the final disposal of Claims with Collection Risk (Intensive Control Obligors) or worse. As a result, the non-consolidated aggregated outstanding balance of Claims with Collection Risk or worse of MHC, MHBK and MHTB (the Two Banks and MHTB) at the end of fiscal 2002 decreased by 44% (¥1,470.1 billion) compared to the end of fiscal 2001, and overall outstanding disclosed claims under the FRL including Claims for Special Attention declined by ¥731.8 billion.

#### ○Increase in Reserves

- Highest level of loan-loss reserves among major financial groups.

We strengthened the measures against the risk of future deterioration in asset quality by applying the discounted cash flow (DCF) method to 60% of Special Attention Obligors with large exposure, while increasing our loan-loss reserves for claims not subject to the DCF method by applying the revised expected loss ratios to reflect the difficult economic situation and acceleration of the final disposal of NPLs.

As a result of accelerating the final disposal of NPLs and increasing the level of loan-loss reserves, the aggregated Credit-related Costs of the Two Banks and MHTB amounted to ¥2,095.2 billion.

\*Please refer to page 80 for further information on our efforts to improve asset quality.

### NPL Ratios and Reserve Ratios

[March 2003]	Mizuho (Aggregated Figures of the Two Banks and MHTB)	MTFG	SMFG	UFJ
<b>NPL Ratios</b>	<b>6.2%</b>	5.3%	8.4%	8.6%
Intensive Control Obligors (for uncovered portion)	<b>74.5%</b>	68.5%	79.2%	73.7%
<b>Reserve Ratios*</b>				
Special Attention Obligors (for uncovered portion)	<b>38.3%</b>	35.6%	33.7%	29.8%
Other Watch Obligors (reserve ratio against total claims)	<b>7.5%</b>	3.3%	6.0%	4.5%

Note: Based on fiscal 2002 financial results of each group.

\*Reserve ratios for obligor classification based on self-assessment of assets.



## Further Reduction of Stockholding Risks

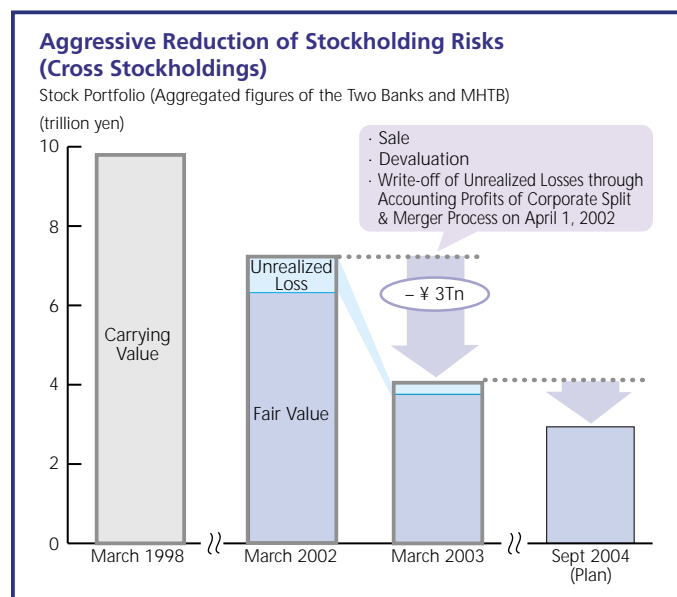
### ○Aggressive Reduction through Sale and Conservative Devaluation

— The carrying value of stockholdings was reduced by ¥3 trillion.

In order to reduce stockholding risks quickly, we reduced the carrying value of stockholdings of the Two Banks and MHTB by ¥3 trillion through measures including sales of approximately ¥1.8 trillion and conservative devaluation. We will meet the restrictions on stockholdings by the end of September 2004 and will further reduce stockholdings.

### ○Disposal of Unrealized Losses on Stocks in Subsidiaries and Affiliates

MHHD established Reserves for Possible Losses on Investments against Shares in MHCB and MHBK. MHCB and MHBK disposed of the unrealized losses on stocks of their listed subsidiaries.



## Conservative Valuation of Deferred Tax Assets (DTA)

### ○Conservative Estimation of Future Taxable Income

— Not to book DTA in the amount of ¥966.7 billion.

By increasing the valuation allowance against DTA by ¥966.7 billion in the second half of last fiscal year, we decided not to book DTA in the same amount additionally on an aggregated

basis of MHCB and MHBK as future taxable income was re-estimated conservatively to reflect the current severe economic conditions. As a result, the amount of DTA as of the end of fiscal 2002 decreased by ¥318.3 billion to ¥1,978.3 billion compared to the end of fiscal 2001.

## Reinforcement of Capital Base

### ○Maintaining Sufficient BIS Capital Adequacy Ratios and Securing a Stable Source of Dividends

In order to secure a solid financial base, we raised new capital of ¥1,081.93 billion in preferred stocks from a broad range of domestic customers and institutional investors, totaling about 3,400. At the end of March 2003, our group companies secured sufficient BIS capital adequacy ratios.

Moreover, MHFG, the group's holding company, started its operations with sufficient retained earnings amounting to ¥252.0 billion at the end of March 2003, thus securing a source for stable dividend payments going forward.

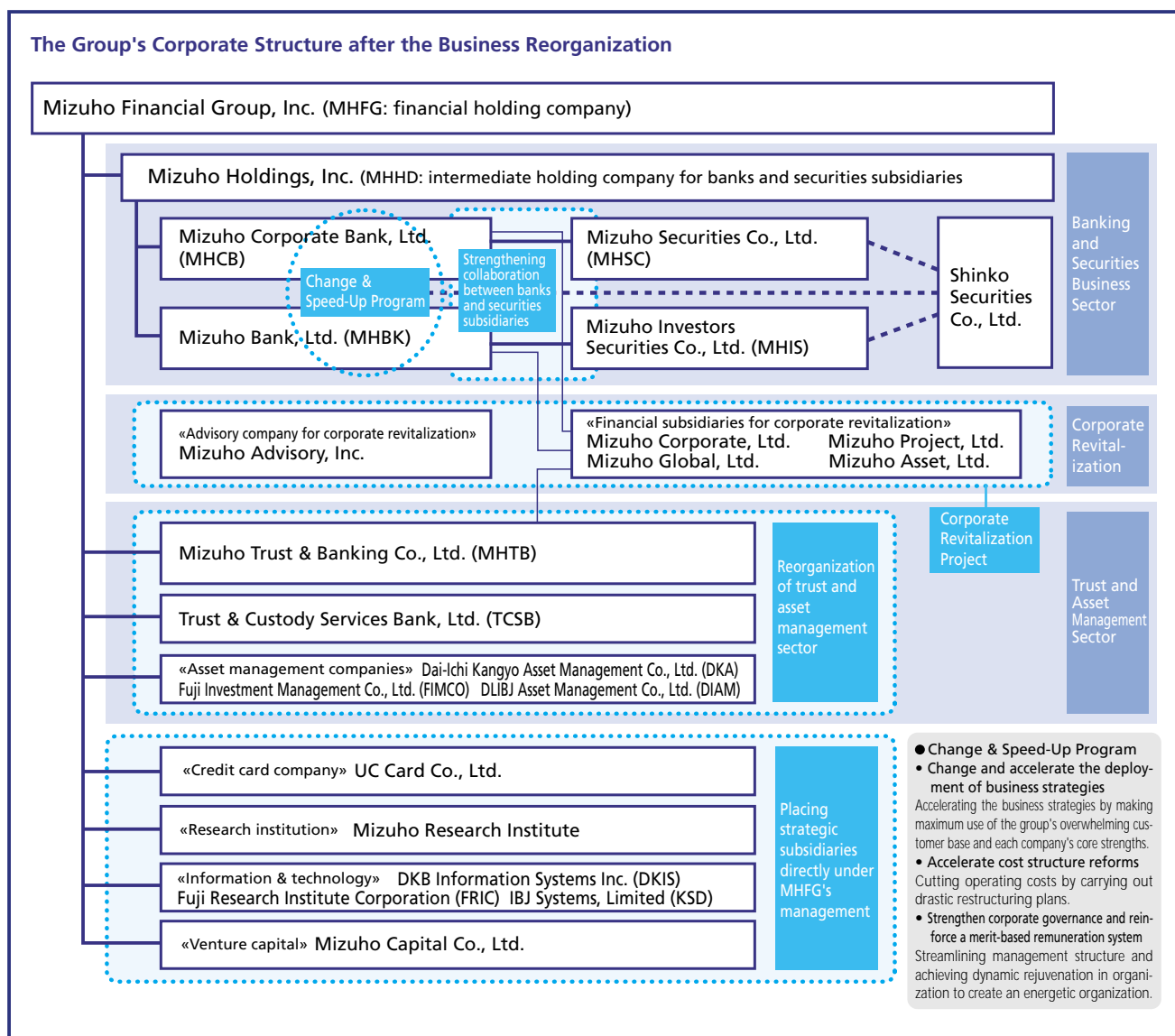
### Consolidated BIS Capital Adequacy Ratios of the Group Companies

	March 2003	September 2002	March 2002
MHFG (International Standard)	9.53%	10.42%	10.56%
MHCB (International Standard)	10.42%	9.74%	/
MHBK	International Standard	9.47%	10.36%
	Domestic Standard	9.25%	9.85%
MHTB (International Standard)	11.23%	*10.10%	*10.96%

\*Figures for the end of March 2002 are for the former Yasuda Trust & Banking, and those for the end of September 2002 are for the former Mizuho Asset Trust & Banking (both domestic standard).

## Evolution of the Mizuho Financial Group's Business Model

In order to dramatically improve the comprehensive financial services capabilities of the group and secure stable profitability, we implemented the "Business Reorganization" to reform our corporate structure in March 2003. Furthermore, in order to promote an early achievement of our corporate customers' revitalization, we also initiated the "Corporate Revitalization Project," which involved establishment of financial subsidiaries specializing in corporate revitalization and an advisory company that provides advice to the financial subsidiaries.



### Reorganization of the Corporate Structure

#### ○Establishment of Mizuho Financial Group, Inc. as a New Financial Holding Company

We set up a new financial holding company, Mizuho Financial Group, Inc. (MHFG), to directly manage core group companies.

#### ○Strengthen Collaboration between MHCB and MHBK as well as between the Two Banks and Securities Subsidiaries

To strengthen the synergistic cooperation between MHCB and MHBK as well as between the two banks and securities subsidiaries according to customer segmentation, we placed MHSC and MHIS under MHCB and MHBK, respectively. We also reformed MHHD as a banking and securities holding company.

### ○Strategic Reorganization of Trust and Asset Management Sector

The trust banking business within the group was unified by merging Mizuho Trust & Banking and Mizuho Asset Trust & Banking under the name of Mizuho Trust & Banking (MHTB), while at the same time placing trust and asset management subsidiaries under direct management of MHFG.

### ○Direct Management of Strategic Subsidiaries

MHFG also directly manages other strategic subsidiaries such as the group's credit card company and the IT-related

companies that are the backbone of the entire group's management infrastructure.

### ○The "Corporate Revitalization Project"

We are in the process of implementing the "Corporate Revitalization Project" for promoting the early achievement of corporate revitalization, having established four financial subsidiaries specializing in corporate revitalization and an advisory company that combines the cutting-edge expertise of domestic and overseas advisors.

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## Business Strategies of the Mizuho Financial Group

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Under the new corporate structure, we are thoroughly strengthening the business strategies according to customer segmentation and business function that we have adopted since April 2002.

### MHCB

Accelerating transformation to a market-oriented indirect financing model.

### MHBK

Accelerating strategic deployment according to customer segmentation using its customer base and network.

### Other Group Companies

Strengthening their own expertise and strategic focuses while actively pursuing group synergies.

### MHSC

Paving path to become a leading investment bank.

### MHTB

Evolving into a full-line trust banking company with unique strengths.

### Thoroughly Strengthening Business Strategies According to Customer Segmentation and Business Function

#### ○MHCB

— Accelerating transformation to a market-oriented indirect financing model.

MHCB carried out a significant reallocation of management resources as well as drastic organizational reforms so as to accelerate the transformation from its conventional business model, which was dependent on volume of assets, and to swiftly realize a market-oriented indirect financing model. More specifically, this involved the creation/reorganization of three strategic business units (Syndicated Finance Business Unit, Asset Management & Transaction Banking Unit and Financial Products Unit) with 1,000 staff members.

#### ○MHBK

— Accelerating strategic deployment according to customer segmentation using its customer base and network.

Taking advantage of its convenient nationwide network and overwhelming customer base, MHBK is working to become the leading bank in housing loans and high-quality loans to SMEs by developing financial products and services and building a business promotion structure according to customer segmentation.

At the same time, it is working to increase fee income by promoting the solution business.

#### ○Improving Asset Efficiency

In addition to their ordinary credit providing functions, MHCB and MHBK are aggressively enhancing new types of credit provision by promoting syndicated loans and the securitization of receivables. They are also reviewing their entire asset portfolio in order to improve asset efficiency and accelerate the shift away from structural dependence on volume of assets. They continue working on increasing loan spreads so as to reflect the appropriate credit risk of their borrowers.

## Strategies of Other Group Companies

MHSC, MHTB and other group companies are further strengthening their respective expertise and strategic focuses, while actively pursuing group synergies through stronger collaboration within the group.

### ○MHSC

#### — Paving path to become a leading investment bank.

MHSC established a global network with overseas subsidiaries in major international financial markets, and is establishing a first-class track record in the bond and investment banking sectors. In the equities business, its performance in securities analyst rankings and other areas places it among the top Japanese and foreign securities houses.

### Tackling Corporate Revitalization

MHCB established its Corporate Restructuring Business Unit in October 2002 while MHBK set up the Business Advisory Office within its Credit Division in July of the same year. Both banks aimed to bring together the expertise and skills existing within their respective organizations into specialized units and channel them into providing customers with more proactive support in reorganizing their businesses. MHSC continues to contribute to its customers' business revival efforts through its expertise in M&A.

The group also launched its "Corporate Revitalization Project" as a comprehensive approach to revitalizing its customers, establishing financial subsidiaries for corporate revitalization in May 2003 and an advisory company in June 2003.

\*Please refer to page 15 for further information on the "Corporate Revitalization Project."

### ○MHTB

#### — Evolving into a full-line trust banking company with unique strengths.

Through the merger of the former Mizuho Trust & Banking and Mizuho Asset Trust & Banking, MHTB evolved into a full-line trust banking company with unique strengths in trust banking services for both retail and corporate customers. In addition to aiming to be Japan's leading trust bank, it is seeking expanded collaboration and synergy benefits within the group through an increase in the number of branches and business promotion offices licensed under a franchise system with MHCB and MHBK, and joint branch operations with MHBK.

### Lending to SMEs

Recognizing that increasing and expanding loans to SMEs is one of the group's most important management targets, we have worked to make our approach more effective by developing our organizational structure, strengthening our target-setting and evaluation systems, and formulating various measures for enhancing lending activities.

#### ●Developing organizational structure

We established project teams within MHFG, MHCB and MHBK to deal with lending to SMEs, while the Executive Management Committee controls outstanding balances and progress in implementing key programs.

#### ●Formulating various measures for augmenting lending

Since SMEs are extremely important customers for MHBK, it took steps to strengthen its organization with a view to reinforcing its head office support structure and seeking new customers. It is also taking a proactive approach to develop new financial products for SMEs, including "Mizuho Advanced Partner," an unsecured loan product that uses a rapid automatic credit-scoring model. The Two Banks enhanced the credit providing function to SMEs through stronger efforts in securitization of receivables and arranging syndicated loans for them.

### Results from Market-Oriented Indirect Financing (MHCB)

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- US\$36.9 billion in arrangement of syndicated loans in the Asian Pacific region including Japan (No.1 among financial institutions worldwide)\*
- ¥900 billion in real estate finance arrangements (No.1 in industry sector)
- ¥2 trillion and 35% share in administration of domestic public corporate bonds (No.1 in industry sector)\*
- US\$2,367 million in arrangement of global project finance (No.1 among Japanese banks)

\*Aggregated figures of MHCB and MHBK

### Key Results in the Individual Customer Sector (MHBK)

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- 7.06 million customers utilizing membership-style banking services “Mizuho Value Program” (No.1 among Japanese banks)
- ¥9 trillion in residential housing loan portfolio (No.1 among Japanese banks)
- 3.4 million customers of “Mizuho Direct” and other remote banking services
- 32% share of debit card sales by affiliated merchants (No.1 in industry sector)
- Joint branches in Japan for banking, securities and trust banking services
  - With MHTB: 15 branches
  - With MHIS: 10 branches
  - Joint banking/securities/trust banking services: 2 branches

### Key Products and Services for SMEs and Middle Market Enterprises (MHBK)

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- An unsecured loan product that uses a rapid automatic credit-scoring model, “Mizuho Advanced Partner”
- “Mizuho Business Finance Centers” using multiple channels to provide consultation on customers’ funding needs
- Strategic Products: loans with stock purchase warrants, special purpose loans related to diesel-powered vehicles, unsecured loans to new customers, etc.

### Fixed Income and Investment Banking Performance (MHSC)

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- ¥800 billion in lead management of domestic straight bond issues (No.3 in industry sector)
- ¥505.5 billion in lead management of FILP agency bond issues (No.1 in industry sector)
- No.1 position in the *Nikkei Bond Information* rankings in fixed income analyst, economist, credit analyst and overall evaluation by company (two consecutive years)
- M&A advisory banking transactions involving Japanese companies
  - 36% share in the amount of completed deals (No.1 in industry sector)
  - 14% share in the amount of announced deals (No.3 in industry sector) and 87 announced deals (No.2 in industry sector)
- 20% share in the amount of issues in general ABS bookrunner league table (No.1 in industry sector for two consecutive years) and received the Thomson Deal Watch “ABS House of the Year” award for the third year in succession

### Performance in Trust Services for Corporate and Retail Customers (MHTB)

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- 9,653 testamentary trusts entrusted (No.1 in industry sector)
- ¥6.1 trillion in securitized assets (receivables and real estate) under administration as trustee (No.1 in industry sector)
- “Asset Management Company to be Newly Adopted for Pension Assets” (*Pension Information Survey*, November 18, 2002) (No. 1 for two consecutive years)
- 397 MHCB and MHBK branches and business promotion offices licensed under the franchise system in trust services (115 added in the second half of fiscal 2002.)

\*Please refer to page 18 for details of business strategies of the group.

## Thorough Cost Structure Reforms

Promoting drastic reduction of expenses through accelerating restructuring ahead of the schedule set forth in the Business Revitalization Plan, and pursuing rationalization of consolidation.

### ○Personnel Reductions and Compensation Reviews

MHFG, MHC B and MHBK reduced the aggregated number of Directors and Executive Officers by 30 to 81, and cut annual compensation for senior executives by 30% compared to April 1, 2002. The aggregated number of employees was also reduced by 2,300 to 27,900 compared to the end of March 2002. In addition to bonuses, the base salary of employees was cut by 10% on average, and by 20% for general managers.

### ○Closures and Consolidations of Domestic and Overseas Branches

The Two Banks reduced the number of domestic branches by 16 compared to the end of March 2002, bringing the total to 562. The number of overseas branches was decreased by 18 to 24, and the number of overseas subsidiaries was decreased by 4 to 25. We will continue to close or consolidate branches,

	March 1999 (pre-consolidation)	March 2002	March 2003		Achievement of planned targets
				Compared to plan	
Board members (Directors and Auditors)	111	50	33	0	Achieved
Employees	34,818	30,262	27,900	(1,150)	March 2005 24,000
Domestic branches	645	578	562	0	March 2004 458
Overseas branches and subsidiaries	113	71	49	(4)	March 2004 43

\*Business Revitalization Plan basis (aggregated figures of MHFG, MHC B and MHBK)

most of which are overlapping, by bringing forward the implementation of the Business Revitalization Plan.

### ○Expense Reductions

Through accelerated personnel reductions, compensation reviews, accelerated consolidations and closures of domestic and overseas offices, and other measures that went beyond the Business Revitalization Plan, we were able to reduce expenses for fiscal 2002 by ¥14.4 billion compared with the original forecast.

## Strengthen Corporate Governance and Reinforce the Merit-Based Remuneration System

In addition to speedier managerial decision-making and a reinforced merit-based remuneration system, we are working to encourage group cohesiveness and create a more energetic organization.

### ○Strengthening of Corporate Governance

We achieved a streamlined management structure with speedier managerial decision-making through reductions in the number of Directors and Executive Officers. We also invited outside Directors to the Board and established an Advisory Board to ensure greater transparency and accountability in management.

### ○Thoroughgoing Efforts to Rejuvenate the Organization and Put the Right Person in the Right Job

In January 2003, we launched a job application system for branch general manager positions to encourage the development and advancement of young employees. To date, we have achieved a dynamic rejuvenation of the organization by appointing 14 branch general managers who were still in

their thirties, and plan to appoint more younger employees to similar positions at around 10% of our branches.

We also introduced a group-wide job application system to encourage employees to acquire greater specialization as they pursue their careers, and intend to strengthen the scheme further by expanding the number of positions eligible.

### ○Establishment of a New Corporate Culture

We formulated the "Mizuho evaluation standard," a uniform personnel evaluation system throughout the group companies to fulfill our policy for renewing our senior executives' and employees' awareness and establishing a new corporate culture as soon as possible. We expect all senior executives and employees to keep this in mind at all times as they go about their daily duties.

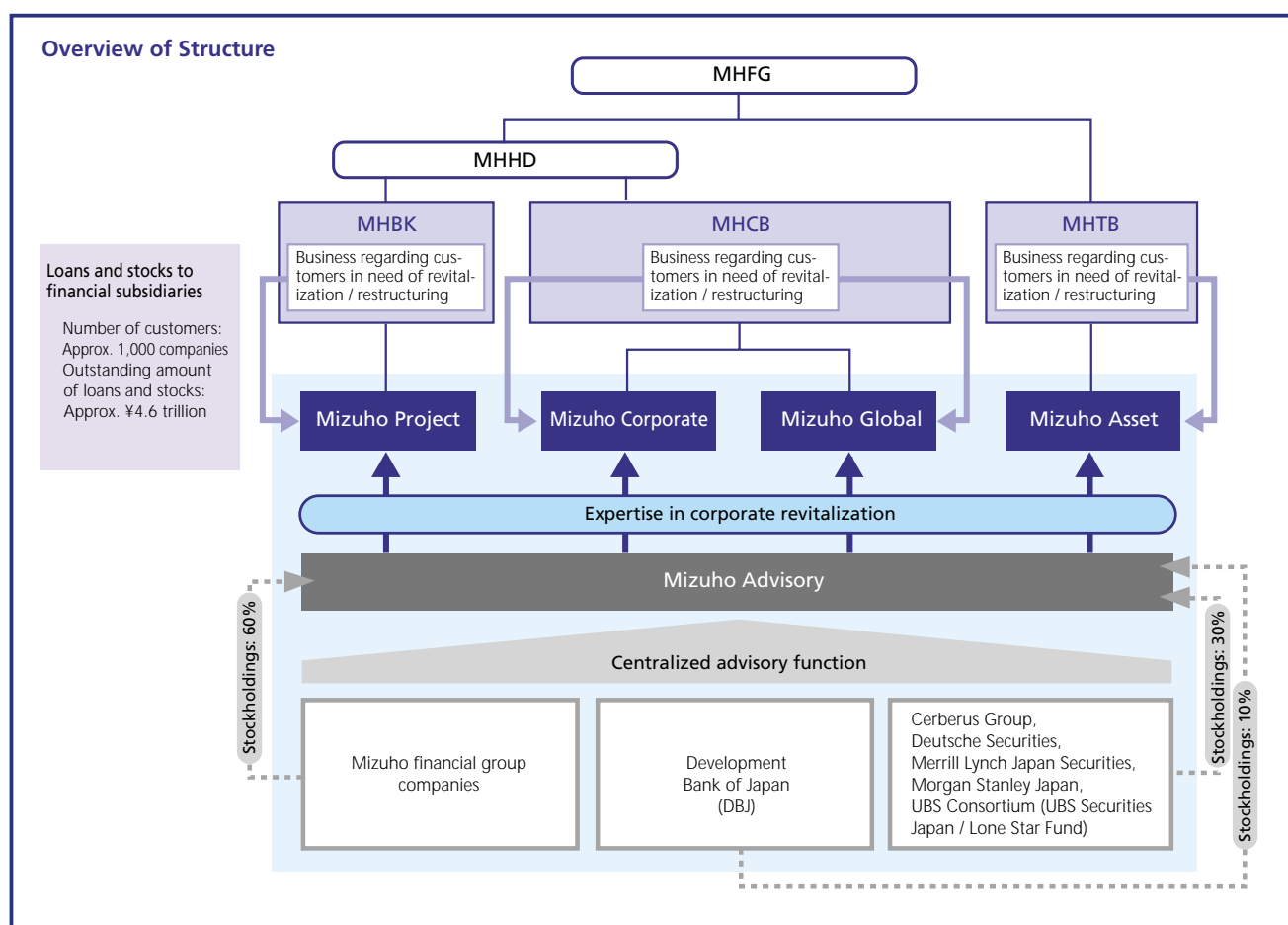


From fiscal 2002, we extended the 360-degree evaluation measures\* to all managers, approximately 5,000 in all, so that they are evaluated by a total of 50,000 people. This is the largest scheme of its kind in Japan, and its implementation is designed to ensure that performance evaluations are fair and impartial.

\*Mizuho's new personnel evaluation scheme whereby personal evaluations of managers involve not only superiors but also subordinates and persons from other divisions with whom they have close working relationships, and in which the results are fed back to the manager being evaluated.

## The Mizuho Financial Group's "Corporate Revitalization Project"

We launched the "Corporate Revitalization Project," which simultaneously works toward the early achievement of corporate revitalization through full use of the "Project Bank" function and further reinforcement of credit creation through enhancement of the "Prime Bank" function.



### Aims of the "Corporate Revitalization Project"

Recognizing the "Corporate Revitalization Project" as a comprehensive program for revitalizing companies by simultaneously working for an early achievement of our corporate customers' revitalization and a further reinforcement of the credit creation function, we intend to expedite all our efforts to complete revitalization of customers in a time frame of three years.

For an early achievement of corporate revitalization, loans

and stocks of customers in need of revitalization/restructuring held by the Two Banks and MHTB were transferred to the financial subsidiaries specializing in corporate revitalization in July 2003, while the advisory company provides professional advice to the financial subsidiaries swiftly and accurately.

The Two Banks and MHTB are thus able to focus on banking business centered on the fund intermediation function to support customers with a stable supply of high-quality funds.

## Establishment of Financial Subsidiaries Specializing in Corporate Revitalization

### ○Financial Subsidiaries According to the Characteristics of Each Bank's Customers

We established Mizuho Corporate, Mizuho Global, Mizuho Project and Mizuho Asset as financial subsidiaries to specialize in corporate revitalization according to the characteristics of each bank and its customers, then brought together the necessary personnel resources by transferring the organizations of the banks engaged in corporate revitalization to the new financial subsidiaries.

### ○Japan's First Comprehensive Corporate Revitalization Scheme in Scale and Degree

Loans and stocks of the approximately 1,000 customers were transferred to the financial subsidiaries for corporate revitalization. Two thirds of loans to the customers in need of revitalization/restructuring were segregated.

## Establishment of an Advisory Company for Corporate Revitalization Combining Cutting-Edge Expertise from Inside and Outside the Group

We established Mizuho Advisory to provide our financial subsidiaries for corporate revitalization with pertinent advice. It brought together human resources and expertise that were formerly dispersed throughout the group, along with the expertise of Development Bank of Japan, which is a governmental comprehensive financial institution, and foreign financial institutions.

## Financial Highlights of Mizuho Financial Group for Fiscal 2002

The consolidated results for the fiscal year ended March 31, 2003 ("Fiscal 2002") are for MHFG. The results for the fiscal year ended March 31, 2002 ("Fiscal 2001") are for MHHD.

The aggregated figures of the "Two Banks" are the sum of the non-consolidated results of MHCB and MHBK for Fiscal 2002. Comparative figures for Fiscal 2001 are the sum of the non-consolidated results of the former Dai-ichi Kangyo Bank (DKB), the former Fuji Bank (Fuji Bank) and the former

Industrial Bank of Japan (IBJ).

The aggregated figures for the "Two Banks and MHTB" are the sum of the non-consolidated results of MHCB, MHBK and MHTB for Fiscal 2002. Comparative figures for Fiscal 2001 are the sum of the non-consolidated results of the former DKB, the former Fuji Bank, the former IBJ and the former Yasuda Trust and Banking.

## Profits and Losses

### MHFG (Consolidated)

	Fiscal 2002		Fiscal 2001	billions of yen Change
Consolidated Gross Profits	¥	2,233.6	¥ 2,462.0	¥ (228.3)
Consolidated Net Loss		(2,377.1)	(976.0)	(1,401.1)

### Aggregated Figures of the Two Banks and MHTB

	Fiscal 2002			billions of yen
	MHCB	MHBK	MHTB	
Gross Profits	¥ 1,815.9	¥ 701.2	¥ 1,005.4	¥ 109.3
General and Administrative Expenses	941.1	280.9	610.9	49.2
Credit-related Costs	2,095.2	1,148.7	906.2	40.2
Net Loss	(2,367.0)	(1,633.4)	(628.5)	(105.0)

## Consolidated BIS Capital Adequacy Ratios

### MHFG (International Standard)

	billions of yen		
	Fiscal 2002	Fiscal 2001	Change
Capital	¥ 6,847.4	¥ 9,959.5	¥ (3,112.1)
Tier 1	3,495.4	5,028.9	(1,533.5)
Risk-weighted Assets	71,823.5	94,288.7	(22,465.1)
Capital Adequacy Ratio (%)	9.53%	10.56%	(1.03%)

## Status of NPLs

### Disclosed Claims under the FRL

#### Aggregated Figures of the Two Banks and MHTB

	billions of yen		
	Fiscal 2002	Fiscal 2001	Change
<b>Disclosed Claims under the FRL</b>	<b>¥ 4,785.9</b>	<b>¥ 5,517.8</b>	<b>¥ (731.8)</b>
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	615.1	1,125.5	(510.4)
Claims with Collection Risk	1,265.0	2,224.8	(959.7)
Claims for Special Attention	2,905.7	2,167.4	738.2

## Reserve Ratios

#### Aggregated Figures of the Two Banks and MHTB (Banking Account)

	%		
	Fiscal 2002	Fiscal 2001	Change
Claims with Collection Risk (for uncovered portion)	74.5%	64.9%	9.6%
Claims for Special Attention (for uncovered portion)	37.9%	20.9%	17.0%
Other Watch Obligors* (against total claims)	7.5%	4.6%	2.9%

\* Reserve ratio for obligor classification based on self-assessment.

## Outstanding Balance of Claims with Collection Risk (Intensive Control Obligors) or Worse, and the Results of Removal of NPLs

#### Aggregated Figures of the Two Banks

	billions of yen					
	Amount	Balance at end of Fiscal 2002	Accumulated Removal Amount	Removal Ratio (%)	*Modified Accumulated Removal Ratio (%)	
As of September 30, 2000	¥ 2,465.4	¥ 142.2	¥ (2,323.1)	94.2%		98.0%
Second Half of Fiscal 2000	673.9	101.1	(572.7)	84.9%		88.4%
First Half of Fiscal 2001	1,187.3	298.1	(889.1)	74.8%		85.8%
Second Half of Fiscal 2001	1,195.6	231.2	(964.3)	80.6%		87.8%
First Half of Fiscal 2002	581.5	224.0	(357.4)	61.4%		68.8%
Second Half of Fiscal 2002	795.6	795.6	/	/		/
<b>Total</b>	<b>¥ 6,899.4</b>	<b>¥ 1,792.5</b>	<b>/</b>	<b>/</b>		<b>/</b>

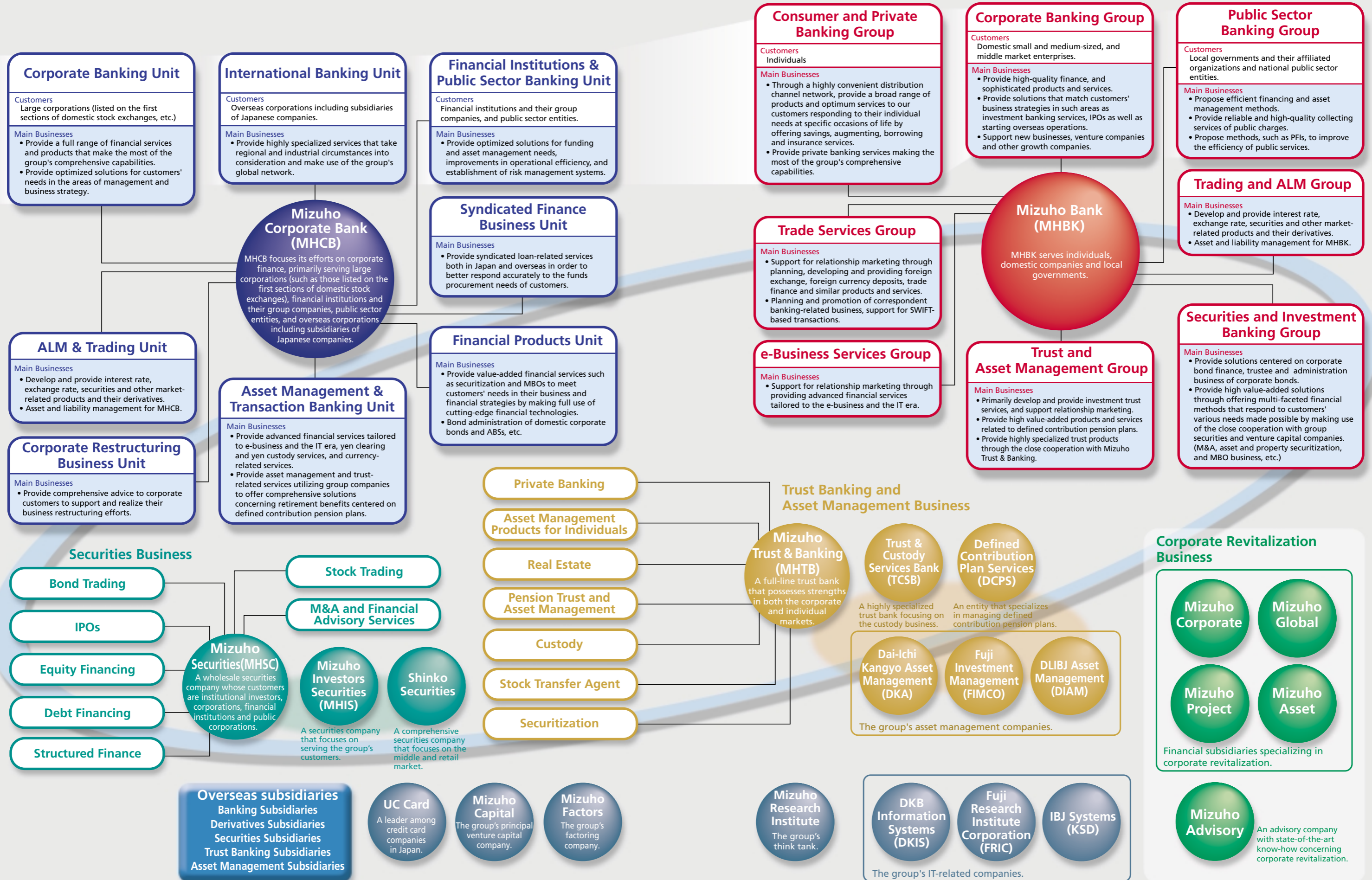
\*Modified accumulated removal ratios are based on the accumulated removal amount including the amount which was in the process of being removed from the balance sheet.

## Unrealized Gains and Losses on Other Securities

#### Aggregated Figures of the Two Banks and MHTB

	billions of yen					
	Fiscal 2002		Fiscal 2001		Change	
	Book Value	Unrealized Gains (Losses)(a)	Unrealized Gains (Losses)(b)	Unrealized Gains (Losses)(b)	(a) - (b)	
<b>Other Securities*</b>	<b>¥ 21,314.1</b>	<b>¥ (28.0)</b>	<b>¥ 348.9</b>	<b>¥ 376.9</b>	<b>¥ (901.4)</b>	<b>¥ 873.3</b>
Stocks	3,753.2	(194.8)	160.4	355.2	(754.6)	559.8
Bonds	12,218.1	87.4	88.5	1.0	(15.7)	103.1
Other	5,342.7	79.3	99.9	20.6	(130.9)	210.3

\* In addition to the balances shown in the above table, Other Securities included securities without fair values.





I would like to start by expressing my appreciation to our shareholders and customers for your continued support.

Mizuho Corporate Bank was launched on April 1, 2002 to serve large corporations, financial institutions and their group companies, public sector entities and overseas corporations including subsidiaries of Japanese corporations, and I am delighted to report that we have now completed our first full year of operations. Once again, I wish to thank our customers and other stakeholders who have given us so much support. I would also like to take this opportunity to express my deepest apologies for the computer systems problems that affected our domestic services such as delays in automatic debit transactions and problems in ATM services when Mizuho Corporate Bank and Mizuho Bank started operations inconveniencing many

of our customers. We have established a preventative structure in order not to repeat similar problems.

Since the establishment of the Mizuho Financial Group, various drastic steps have been taken to reform our management. For our part, we at MHCB are accelerating our transformation from a conventional business model dependent on the volume of assets in order to swiftly realize a market-oriented indirect financing model. We continue our efforts to become the “Best Solutions Provider” by offering optimized solutions to satisfy the increasingly varied and sophisticated financial needs of our customers. We look forward to your continued support.

July 2003

A handwritten signature in black ink, appearing to read 'H. Saito', with a long horizontal flourish extending to the right.

**Hiroshi Saito**

President & CEO, Mizuho Corporate Bank, Ltd.

**● What sort of business strategy has Mizuho Corporate Bank adopted for the switchover to a market-oriented indirect financing model?**

With the structure of the economy and the framework of the financial sector in Japan going through significant changes, we recognized the need for drastic reforms of our asset and profit structures. This provided us with the impetus to abandon our asset-oriented financing in favor of market-oriented indirect financing. In other words, we have made a major switch to a business model based on asset turnover centered on the syndication business.

In December 2002, we established a new and greatly expanded Syndicated Finance Business Unit to respond to customers' funding requirements while creating an organization that will make more effective use of our capital and expand fee income. The group now accounts for close to 50% of the deals made in Japan's rapidly growing syndicated loan market on an arrangement value basis, giving it by far the largest share of any Japanese bank. We will continue our efforts to expand our business in the domestic syndicated loan market. During the last fiscal year, with the aim of strengthening our product marketing capabilities, we reorganized our Financial Products Unit and Asset Management & Transaction Banking Unit and increased their staff substantially in order to accurately meet the increasing needs of our customers and thus expand our earning opportunities.



As we work on transforming our banking business model, we aim to quickly establish our position as the “Best Solutions Provider” and respond to our customers' needs pertaining to their business and financial strategies by reallocating our business resources to growth-based, profit-based business areas and, ultimately, increase the ratio of fee income to 50% of total gross profit.

**● What are you doing in the areas of corporate revitalization and NPL disposals?**

We established the Corporate Restructuring Business Unit in October 2002, bringing together some 150 staff members with the high levels of specialist knowledge and skills demanded for carrying out corporate revitalization. Corporate revitalization is an extremely difficult task, requiring the formulation of many diverse reconstruction measures and complicated adjustments between numerous concerned parties. Yet by March 2003, just six months or so after its establishment, we believe the new unit had almost achieved the targets for supporting corporate reconstruction and the disposal of NPLs.

Under Mizuho's “Corporate Revitalization Project” initiated this year, the group's organizations tackling corporate revitalization at our Corporate Restructuring Business Unit, MHBK and MHTB will be brought together to financial subsidiaries specializing in corporate revitalization. Mizuho Corporate Bank will accelerate our efforts in the area of support for corporate rehabilitation aiming to revitalize corporate customers with real needs in this area. We also believe that industrial and corporate revitalization contributes to revitalization of the Japanese economy.

**● Tell us about your policies for the strategic restructuring of your international business.**

In the area of international operations, we are in the process of strategically reconstructing our business model to accommodate changes in the management environment. Our strategy is very clear. It calls for a review of cost structures on the one hand, and for concentration of management resources on promising geographical areas in the future.

In other words, we have decided to focus our efforts on our home market of Asia, particularly China, where significant inroads by our customers have encouraged us to establish a full-scale support system for companies ranging from those engaged in business expansion there to those still in the initial stages of feasibility studies. In the Americas and Europe, we have conducted a sweeping review of our exposure to non-Japanese companies from the viewpoint of profitability and credit risk management. With regard to those customers with good long-standing relationships at the global level, we have reinforced our product marketing capabilities and started switching to a business model that focuses on fee income as the key source of profits.

**● Finally, could you tell us about your policies for this year?**

We spent last fiscal year setting our direction as a new bank and believe that, after having made adjustments to our organizational structure and personnel deployment, we have now laid the foundations for fulfilling our goal of becoming the “Best Solutions Provider.” We are determined to build on these foundations and make this year a year of achievement.

Although we face an extremely tough management environment compounded by deepening deflation pressures on the Japanese economy, the management and employees are united in our determination to enhance the Mizuho brand.



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## Corporate Banking Unit

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### **Drawing on the Capabilities of the Group to Become the “Best Solutions Provider”**

The Corporate Banking Unit serves around 70% of all listed companies in Japan, primarily large Japanese corporations and their group companies. The unit interacts closely with customers of the Mizuho Financial Group to provide them with the best solutions.

### **One to One Marketing**

The unit deploys corporate finance professionals with wide-ranging knowledge of the field to engage in “one to one marketing” activities carefully tailored to the needs of individual corporate customers through 43 business promotion divisions in 18 offices throughout Japan. By coordinating the specialist functions in cooperation with the Financial Products Unit and other units, as well as group companies such as MHSC, this “one to one marketing” approach enables the unit to consistently offer optimal solutions that are customized to the sophisticated and varied needs of large corporations.

### **Providing Advanced Financial Functions**

Where funding is concerned, financial institutions are now expected not only to provide companies with loans on a bilateral basis, but also to fulfill a new financial intermediation function in bringing together investors and companies in the market. Making use of our customer base, which is the largest of any Japanese financial group, and our extensive network of institutional investors, including financial institutions, we are working to expand out asset turnover-type business and have already secured a powerful position as a market leader in the area of syndicated loans. We also have an excellent reputation in areas like asset/liability securitization, structured finance and project finance, where high levels of expertise are required. We utilize these functions to satisfy the funding needs of customers through a wide range of advanced financing schemes that go beyond conventional corporate finance.

### **Development of Financial Services Centered on Advisory-Type Solutions**

The Industry Research Division was set up within the unit to survey trends by industry in Japan and overseas. Taking into consideration industry trends and the business environment, business promotion divisions in charge of dealing with customers use the division’s specialist functions to offer business strategies and solutions for resolving management issues.

#### ● **Provide Advice and Solutions for Business and Financial Strategies**

We offer M&A and MBO advisory services and provide structured finance and other solutions for business strategies such as restructuring existing businesses and expanding business into new areas. We also offer solutions for dealing with changes in accounting standards and financial strategies such as financial restructuring, applying balance sheet controls that use asset securitization and other off-balance-sheet schemes, as well as improving cash management and the efficiency of fund operations at group level.

#### ● **Enhanced Support for Overseas Subsidiaries of Japanese Companies**

Using our powerful international network, we dynamically support the overseas business activities of our customers by providing an extensive range of financial advisory services that are integrated seamlessly with their transactions in Japan. In particular, we have seen a major upsurge in our customers’ need for assistance in developing their businesses in China in recent years. Using our solid branch network and in coordination with our China Business Promotion Division, which has a strong record and ample experience in advisory services, we are able to respond to a wide range of customer needs, starting from the initial stages of business development in China.

## International Banking Unit

As part of Japan's leading financial institution, our International Banking Unit offers domestic and foreign customers engaged in global business activities the best solutions that dynamically combine the unit's rich experience in overseas markets with its powerful overseas network and its advanced financial products.

### Strategy for Asian Markets

We are focusing considerable effort on Asia because we see it as our home ground and Japanese companies are very active in developing their business there. We offer the same high levels of financial service as in Japan in essential segments like lending, deposits and foreign exchange transactions. We also offer high value-added services that use advanced FT, including settlement-related products based on CMS (Cash Management Services), syndicated loan arrangement, and derivatives-related products designed for hedging against interest rate and foreign exchange risk.

### Mizuho's Strong Presence in China

Our customers have made significant inroads into China, where we have built the largest network of any Japanese bank, with four mainland branches (three of which are licensed to handle renminbi (RMB) transactions) and five representative offices. We have also set up comprehensive business alliances with China's four major commercial banks, concluded business cooperation agreements with the Shanghai Waigaoqiao Free Trade Zone and the cities of Dalian and Wuxi, creating a framework that makes the most of our deep ties with the China side to support our customers' business efforts.

In Japan, we established the China Business Promotion Division, which brings together the group's China-related human resources and expertise to specialize in supporting customers expanding into the Chinese market. Starting from the initial feasibility studies phase, we draw on many years of experience and the latest information to offer high value-added advisory services to many customers ranging from small and medium-sized enterprises to large enterprises, earning high praise from customers.

### Strategy for the Americas and European Markets

In the Americas and European markets, we have worked to improve our returns in proportion to risks in our loan portfolios by conducting drastic reviews of our exposures to non-Japanese corporate customers from the viewpoint of profitability and credit risk control. We are switching to a business model that focuses on profits in the form of fee income derived from asset turnover, becoming more proactive in offering syndicated loan arrangements and similar products to those customers with whom we have good long-standing relationships at the global level.

As the group which knows Asia best, we provide full-scale support for multinational companies entering the Japanese and Asian markets.

In response to the increasingly varied and sophisticated needs of Japanese customers, we are working actively to assist them in developing their businesses, offering them products based on the latest FT in the U.S. and European markets.

### Products Business

We are striving to strengthen our global products business in order to respond to customers' complex financial needs while boosting our own profitability. In the area of project finance especially, we have earned an excellent reputation in the markets for our role as a financial

**Global Project Finance Arrangers**  
(Amounts arranged, January 1 – December 31, 2002)

Rank		Amount (US\$ million)	No. of deals
1	Citigroup	6,248	43
2	Societe Generale	3,589	21
3	Royal Bank of Scotland	3,257	23
4	Westdeutsche Landesbank	2,894	29
5	Barclays Capital	2,556	13
6	<b>Mizuho Financial Group</b>	<b>2,367</b>	<b>17</b>
7	BNP Paribas SA	1,666	15
8	HypoVereinsbank AG	1,639	19
9	Deutsche Bank AG	1,608	12
10	Mitsubishi Tokyo Financial Group	1,493	21

Source: PFI, January 22, 2003.

### ■ Involved in PFI for London Underground

Acting as a lead manager together with three other banks, one each from the U.K., France and Germany, we succeeded in arranging project finance amounting to 1.8 billion pounds sterling for the London Underground PFI, signing the deal in December 2002. Although the London Underground is the oldest subway system in the world, its facilities are clearly becoming too old. The object of the deal is, therefore, to enlist private sector vitality in an effort to improve the equipment and infrastructure. One of the largest PFIs ever undertaken, the project is of enormous social significance, involving an innovative scheme to separate the operating divisions from the equipment divisions. *The Project Finance* magazine selected it as "Deal of the Year" in the European Railway PFI sector.



advisor and/or arranger in numerous projects. We are also proud of our capabilities in arranging MBOs and PFIs, which have earned us a top-class reputation among banks at the global level, not just among Japanese banks.

## Financial Institutions & Public Sector Banking Unit

### ○ Financial Institutions

Making use of our customer base of financial institutions and our distribution network—both the largest of any Japanese bank—we are actively involved in market-oriented indirect financing and the solutions business.

### Expansion of the Syndication Business

We are working to become an asset turnover-type solution bank through active promotion of the domestic loan syndication business and the securitization business.

In order to satisfy customers' needs in the syndication business in particular, we are building a broadly-based support system to assist with customized after-care in such areas as organization-building, portfolio analysis advisory services, and credit and corporate research know-how.

### Offer a Wide Range of Investment Products

As we work to become the “best partner” for our financial institution customers, we are channeling our efforts into proposing sophisticated and highly varied investment products that can meet their increasingly diverse financing needs, particularly in the area of bank debentures and privately placed investment trusts.

### Development of the Solutions Business

We are working to provide high value-added solutions in connection with the increasingly complex and diverse managerial and financial strategies of financial institutions by drawing on the comprehensive financial service capabilities of the group.

More specifically, we provide various types of in-sourcing operations and advisory services pertaining to mergers and consolidations of financial institutions, and are actively offering proposals that contribute to the establishment and reinforcement of internal management systems necessary for upgrading credit and market risk management.

### ○ Public Sector Entities

Drawing on our strengths in securities-related services and FT, we aim to become a “solution bank” by making even greater use of the group's comprehensive capabilities in offering optimized solutions to the requirements of customers among public sector entities.

### Responding to a Variety of Customers' Needs Arising from Special Public Corporation Reforms

As the needs of customers in the public sector diversify in the wake of privatization, transformation into independent administrative institutions and other aspects of special public corporation reforms, we proactively provide solutions that make use of group FT and expertise.

More specifically, we offer a tailored support regime that embraces consulting in connection with the organizational changes affecting customers, advisory services in connection with entry into new business sectors and business risk analysis arising from business expansion, and securitization, project finance and other aspects of financial diversification.

#### Glossary

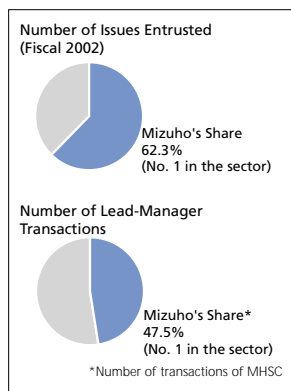
##### ► Reform of the FILP and FILP

##### Agency Bonds

Under legislation relating to the reform of the FILP, the system whereby all postal savings and pension reserves were deposited with the Trust Fund Bureau of the Ministry of Finance has been abolished. Since April 2001, a new framework has been put in place whereby these funds and reserves are to be invested autonomously through financial markets, while special public corporations and other organizations are to raise necessary funds in the market.

FILP agency bonds are issued without government guarantees by individual special public corporations and other government institutions in private sector financial markets.

##### Mizuho's Participation in FILP Agency Bond Issues



## Expansion of the Public Bond Business

Since we offer a number of advantages and strengths in the area of securities-related services associated with issues of public bonds, our experience and record in connection with activities as a commission bank and underwriting of government-guaranteed bonds, publicly issued local government bonds and FILP agency bonds surpasses that of other Japanese financial groups.

The group has also proactively channeled maximum resources into issues of major joint local government bonds, which started from fiscal 2003, and is determined to carve out a position as a market leader in the public bond market, which appears set for robust expansion in the future.

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## Syndicated Finance Business Unit

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### Expansion of the Syndication Market

Syndicated lending helps borrowers rationalize their finances and expand the range of funding sources available, while helping fund providers to adopt more diversified, more efficient asset management methods. It also benefits arrangers because they are able to respond to customers' requirements without depending on their own capital while at the same time securing fee income.

In recent years, awareness of its value has spread quickly, leading to rapid expansion in the syndication market in Japan, which now ranks third in size behind the U.S. and the U.K. Drawing on our broad customer base and the network of financial institutions we have built up to date, the group now ranks eighth globally in terms of amounts arranged (first in the Asia Pacific region), making us by far the largest Japanese banking group in this respect.

### Organization and Approach Policy

In December 2002, we moved to create a more powerful organizational structure by establishing the new Syndicated Finance Business Unit. This move verifies our determination to break away from the traditional asset-dependent business model and switch to a business model based on asset turnover ("originate to distribute" model) that simultaneously promotes more effective use of capital centered on syndicated lending and an increase in fee income.

We thus created a powerful framework for spearheading the Japanese syndication market to its creative and dynamic expansion. Looking ahead, we will respond to the needs of both borrowers and fund providers by making proactive use of our syndication functions in new finance arenas that go beyond conventional corporate finance, such as M&A and corporate revitalization.

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## Financial Products Unit

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### Asset-Backed Securities Business for Customers

Our excellent record in handling issuance of ABCP and a wide range of other structured finance products puts us in the ideal position to support customers in realizing financial strategies centered on securitization of monetary claims, thus satisfying their funding needs while using asset securitization to improve their management indices.

### Real Estate Finance Business

We support customers in optimizing financial strategies in the area of real estate assets with real estate non-recourse loans, support and advice on real estate development projects and the handling of accounting for impairment of fixed assets.

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## Glossary

### ► Issues of Major Joint Local Government Bonds

Starting from fiscal 2003, 27 local governments issuing publicly offered bonds (excluding Tokyo) have been permitted to float joint issues of publicly offered local government bonds (joint and several obligation/joint signatures method) in order to promote stable and advantageous fund procurement.

### Global Syndicated Loan Arrangers (Amounts arranged, January 1 – December 31, 2002)

Rank		Amount (US\$ million)
1	JP Morgan	424,016
2	Citigroup/Salomon Smith Barney	230,410
3	Bank of America	220,955
4	Deutsche Bank	92,058
5	Barclays Capital	71,781
6	Banc One	58,816
7	BNP Paribas	46,082
8	Mizuho Financial Group	41,617
9	ABN AMRO	37,314
10	HSBC(Hongkong Shanghai Banking Corp.)	36,744

Source: IFR, February 8, 2003.

### Syndicated Loan Arrangers

(Asia Pacific Region Including Japan)  
(Amounts arranged, January 1 – December 31, 2002)

Rank		Amount (US\$ million)
1	Mizuho Financial Group	36,870
2	SMBC	26,621
3	Bank of Tokyo-Mitsubishi	18,029
4	Citigroup/Salomon Smith Barney	14,176
5	UFJ Bank	7,016
6	Standard Chartered	5,611
7	ABN AMRO	5,545
8	JP Morgan	4,763
9	HSBC(Hongkong Shanghai Banking Corp.)	4,682
10	Bank of China	3,735

Source: IFR, February 8, 2003.

### ■ Roppongi Hills Project

Completed in April 2003, this was the largest urban redevelopment project in the country, and we arranged Japan's largest ever non-recourse syndication for it.

### ■ Kinshicho Project

This multipurpose business/commerce/residential project for the redevelopment of a former factory site in Kinshicho in Tokyo got underway in December 2002 and is due for completion in May 2006. We arranged a development finance syndicated loan to fund the construction of the business and commercial portion.

■ Japan's First IPO for an MBO

**Company**

Japan Pure Chemical arose interest in December 2002 when it became the first MBO company to go public through an IPO on JASDAQ only three years after a full-scale management buyout in which Mizuho's MBO fund was deeply involved.

**Acquisition Finance Business**

Centered on MBOs, we support customers in building the most appropriate business portfolio for their needs through a full-range service structure embracing advisory, finance and investment services provided by our team of acquisition finance professionals.

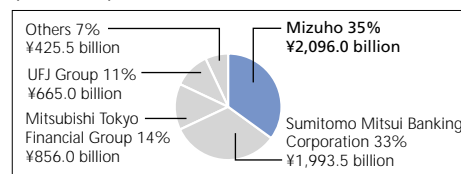
**Corporate Revitalization Business**

We use DIP (debtor-in-possession) financing and other methods to assist companies in the process of corporate revitalization.

**Bond Administration**

We make full use of the best operational set-up in the business to offer bond administration services relating to corporate bonds and ABSs.

Administration of Domestic Public Corporate Bonds (Fiscal 2002)



Source: MHC (excluding banks' subordinated bonds, banks' straight bonds, ABSs and structured bonds).

**Glossary**

▶ **Trade Finance EDI (Electronic Data Interchange)**

To improve the efficiency of trade operations through the use of electronic documentation, we participate enthusiastically in global projects such as Bolero, TradeCard and TEDI as a means of strengthening our cross-border settlement capabilities.

▶ **B2B (Business to Business) Business**

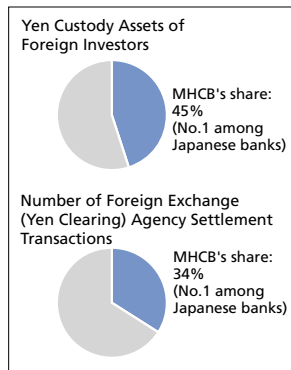
According to the Electronic Commerce Promotion Council of Japan (ECOM), the market is expected to expand from ¥44 trillion in 2002 to ¥125 trillion in 2006. We developed our own original Mizuho e-Market Financial service as an e-procurement scheme providing everything from logistics to settlement functions.

▶ **Securities Settlement System Reform**

Efforts are moving ahead to create the conditions necessary for further risk reductions, including the introduction of DVP (Delivery versus Payment) settlements and T+1 settlements (settlements on the first business day after the transaction date).

**Custody and Foreign Exchange Yen Clearing Business**

(As of March 31, 2003)



**Asset Management & Transaction Banking Unit**

**Defined Contribution Pensions**

Drawing on the strengths of the entire group, we propose comprehensive solutions pertaining to retirement benefits centered on defined contribution pensions, providing pension consulting services and investment products and follow-up services for participants. We are proud of a top-class market share in this area among management and administration institutions.

**Asset Management Business**

We arrange and sell privately placed investment trusts to meet customers' asset management needs.

**Franchise System in Trust Services**

As a franchisee for MHTB, we offer trust products associated with pensions, stock transfer agency services and securitization through all our branches in Japan.

**Foreign Exchange**

We provide various solutions to customers who wish to hedge foreign exchange risk and improve the efficiency of their foreign exchange settlements. We also proactively support steps to improve the efficiency of customers' trade operations using Internet-based services such as Bolero, TradeCard and TEDI.

**e-Business**

To meet customers' needs for more efficient cash management, we offer comprehensive solutions centered on domestic and overseas CMS (Cash Management Services) utilizing Internet technology.

We also draw extensively on our ties with leading software vendors to provide advanced services such as electronic certification, B2B portals, and Mizuho e-Market Financial, the first e-procurement scheme set up by a Japanese bank in order to reduce purchase costs.

**Clearing & Settlements**

We maintain an overwhelming market share in the yen custody business for non-resident foreign investors. And as the top Japanese bank in this area, we respond proactively to shorter settlement cycles and other aspects of securities settlement system reform.

We continue to strengthen our operations and respond to outsourcing needs in the area of foreign exchange yen clearing and foreign trade operations, where we have the top share in Japan.

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## Corporate Restructuring Business Unit

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### Involvement in Corporate Revitalization

#### ~ Establish a Specialist Team and Utilize Accumulated Expertise ~

As a partner in corporate revitalization and restructuring to accommodate the increasingly diverse and sophisticated management and business strategy needs of customers facing business consolidation and restructuring, we are committed to accurate and timely responses in areas like M&As and transfers of operations.

The formation of the Corporate Restructuring Business Unit in October 2002 established a scheme that can provide speedy, multifaceted advice to satisfy customer requirements, and brings together some 150 staff members boasting high levels of specialist knowledge and skills into six divisions.

Furthermore, we make maximum use of the specialist functions of group companies such as MHSC and Mizuho Corporate Advisory in devising proposals to satisfy customers' business strategies in light of industry trends and the business environment.

We will also cooperate with the group's four financial subsidiaries and its advisory company specializing in corporate revitalization in further accelerating our support for companies planning or going through revitalization.

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## ALM & Trading Unit

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### Sales and Trading Operations

Our sales and trading team ranks among the largest of any Japanese bank and boasts an excellent record. It underpins our business strategy as a "solution bank," putting forward proposals to customers concerning fund raising/investment schemes and risk management, and offering effective products.

More specifically, the team seeks to satisfy both customers' financial and business risk control requirements by offering risk hedging schemes and other optimized solutions. In addition to foreign exchange and interest rate derivatives, the team uses cutting-edge FT to devise a broad lineup of derivative products whose underlying assets include crude oil and other commodities, credit, the weather and equities.

In order to be able to provide customers with consistently high-quality services in the areas of foreign exchange and currency options, we have established a global network linking five key markets – Tokyo, New York, London, Singapore and Hong Kong. In addition to market-making, we engage in proactive trading based on a careful and detailed grasp of inter-market price movements governed by precise risk management procedures.

### Banking Operations: ALM

We carefully manage the interest rate risk and liquidity risk associated with our portfolios, which comprise the assets we hold, including loans, yen and foreign currency-denominated securities, as well as liabilities like deposits and bank debentures. These effective risk controls make flexible use of derivatives and other transactions, and enable us to ensure a stronger, more stable earnings structure.

#### ■ International Foreign Exchange Division Featured on TV

TV Tokyo's network featured the workings of our International Foreign Exchange Division in the international foreign exchange markets during the tense Iraq situation in its documentary program *Gaia no Yo-ake (Gaia's Dawn)* broadcast on April 8, 2003.

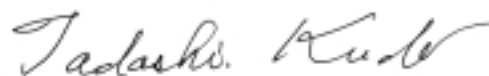




I would like to thank our shareholders and customers for your continued support. Mizuho Bank was launched on April 1, 2002 to provide banking services to customers consisting primarily of individuals, domestic small and medium-sized enterprises (SMEs), middle market enterprises, and local governments. Once again, I wish to thank our customers and other stakeholders who have given us so much support during our first year in operation. I would also like to take this opportunity to express my deepest apologies for the computer systems problems that affected our domestic services such as delays in automatic debit transactions and problems in ATM services when Mizuho Bank and Mizuho Corporate Bank started operations inconveniencing many of our customers. We have established a preventative structure in order not to repeat similar problems.

Our aim at Mizuho Bank is to become the customer's bank of choice and best business partner by providing comprehensive, high value-added financial services and achieving the highest level of customer satisfaction. We look forward to your continued support.

July 2003



**Tadashi Kudo**

President & CEO, Mizuho Bank, Ltd.

**● A year has passed since Mizuho Bank started operations. What sort of year has it been for the bank?**

It was a difficult start because we were faced with a severe financial environment, that is, deepening deflation, falling stock prices, and weak corporate demand for funds. Moreover, we had to recover our credibility following the systems problems that occurred in April 2002. To cope with the situation, we announced and implemented the “Change & Speed-Up Program” and the “Business Reorganization” last fiscal year, and moved to raise over ¥1 trillion in new capital. Unmistakably, it was a year for laying the foundations for the group's future. We, therefore, see this coming year as a year of achievement, which we aim to accomplish by taking an aggressive approach to establishing a base for stable, high earnings.

**● Which measures have you prioritized in order to make this a year of achievement?**

We face three key issues: the strategic rebuilding of our earnings structure, thoroughgoing efforts to improve our asset portfolios and speedy execution of cost structure reforms.

In addressing the first of these issues—strategic rebuilding of our earnings structure—for the individual customer market, in order to reinforce our high-earning assets under management and housing loans businesses, we will strengthen our relationship with customers and respond precisely to their financial needs during their various life stages by building a customer segmented business promotion structure. For the corporate market, we will carefully analyze the market to obtain an accurate grasp of customers' funding needs, as well as aggressively offer them solutions in areas like M&A, real estate finance, and syndicated loans.

In facing the second issue—thoroughgoing efforts to improve our asset portfolios—we have increased substantial loan-loss reserves at the last fiscal year-end in March and we are now on course towards resolving our non-performing loan (NPL) problems. But that is not all. We will

further strengthen our efforts to prevent new NPLs from emerging and support corporate revitalization.

And the third issue—speedy execution of cost structure reforms—calls for the early establishment of robust, efficient systems that aim to accelerate thorough expense cutbacks in non-personnel expenses, branch amalgamations, and reductions in the number of personnel to the maximum extent possible with the aim of reducing the ratio of expenses to gross profits to the 40% level. Especially, with regard to branch amalgamations, we will reduce the number of our branches by 104 by the end of March 2004, to achieve our plan to bring the total down to 440 branches.



**● Tell us about your program for financing SMEs.**

SMEs rank alongside individuals as extremely important customers. Satisfying the funding needs of SMEs and helping them resolve management problems is one of our missions, and without transactions with these vitally important customers, any recovery in our performance would be impossible. We have, therefore, recognized anew the fact that increasing and expanding our loans to these customers is one of our most important management issues, and we are working to enhance our business promotion structure and strengthen our product line-up. Specifically, we will provide cutting-edge solutions that match their specific business strategies in areas such as high-quality funding and investment banking, syndication, derivatives, assistance with public offerings and overseas business expansion. We will also focus more on supporting businesses with high growth potential such as new businesses and venture businesses.

**● Tell us about your efforts towards increasing customer satisfaction and invigorating the organization.**

We have been placing even more emphasis on actively promoting customer satisfaction (CS), and in order to further strengthen our efforts in this area, we have also placed our focus on invigorating the organization this fiscal year.

CS is an essential aspect of our business performance, and in order for our customers to be satisfied even further, an organization that is full of vigor is absolutely necessary. In other words, because our profits are derived from our customers in return for services we provide to them, maximizing customer satisfaction is an essential prerequisite for improving the bank's performance. At the same time, customer satisfaction is the greatest source of gratification for employees, and the accumulation of such gratification acts as the driving force that sustains a dynamic organization that can provide even better services. Each and every employee's desire to be helpful to customers is reflected in their actions, which in turn enhances even further the customer's trust and satisfaction in us.

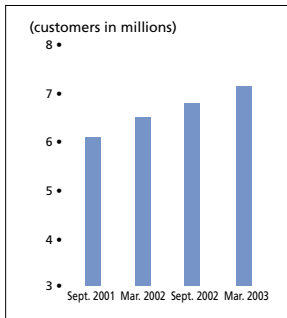
In order to increase customer satisfaction on a wider scale, we are currently promoting a bank-wide "CS Campaign." We believe it is essential to deal and speak with customers in a manner that conveys both a sense of gratitude to them and a feeling that we want to be helpful to them.

As for invigorating the organization, we have already implemented the job application system and the 360-degree evaluation for all managers, and introduced a job application system for branch general manager positions. We are also improving operational efficiency and fostering human resources.

Everyone at Mizuho Bank, from top management to each and every employee, is committed to recovering customer trust and improving our performance.

## Consumer and Private Banking Group

Number of Customers Utilizing Membership-Style Banking Services



### Our goal is to become the customers' bank of choice

~ Fully satisfying customers throughout their lives ~

#### Promotion of Relationship Marketing

We will make a thoroughgoing effort to satisfy customers by creating a business promotion structure that can provide the best products and services.

##### ● Membership-Style Banking Services — “The Mizuho Value Program”

In March 2003, we upgraded our Mizuho Value Program.

The program offers two service plans. The “basic plan” offers, for example, free use of ATMs after banking hours, as well as three levels of benefits depending on the nature of transactions. The “members plan” offers wide-ranging advantages for a fee. Currently, we have over seven million members, making it the largest such service in Japan.

##### ● Databases

We will continue to build up databases that allow the access and accumulation of additional data concerning customers through various channels, and will make use of the information extrapolated from these databases to ensure that our business structure provides individual customers with the best possible responses and services.

##### ● Asset Management Advisory Services

In order to satisfy our customers' increasingly diverse asset management needs, we offer a wide range of products, including yen deposits, bank debentures, Japanese government bonds for private individuals, foreign currency deposits and the Mizuho Fund Collection of investment trusts. We have also expanded our force of highly trained specialized staff to provide asset management advisory services, extending from portfolio proposals to after-care, that fit perfectly with individual customers' life plans.

##### ● Private Banking

We aim to become partners to our customers not just for their lifetimes, but into the next generation as well. Our teams of highly experienced private bankers and financial planners take advantage of the group's capabilities in areas like securities and trust banking, and in cooperation with tax accountants and accountants, provide individually tailored asset investment and management services, and inheritance plans.

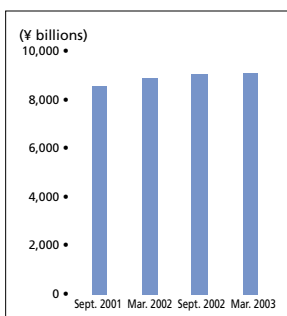
##### ● Credit Cards (Mizuho UC Cards)

UC Card serves as the group's comprehensive credit card company. Customers can use its wide range of card services through its exclusive Mizuho UC Card with a sense of security.

Mizuho UC Cards



Outstanding Balance of Residential Housing Loans



\* Aggregated figures of the former three banks up to and including March 2002.

#### Stronger Approach to Strategic Markets and New Businesses

##### ● Housing Loans

We offer an extensive range of housing loan services to match the home ownership plans of customers. All of our services feature a high degree of flexibility, allowing customers to select from various interest methods (variable-rate interest, fixed interest rates, etc.) or specify repayment amounts. We will establish a framework that will allow us to provide customers with speedier, more appropriate advice by strengthening cooperation between our nationwide full-service branches and housing loan business promotion centers, which have strong ties with real estate companies.

### ● Retail Business Aimed at Corporate Employees

Making the most of our group's customer base and office network, we offer a wide range of asset-formation products and services including housing loans and company sponsored employee savings programs to meet corporate management needs associated with in-house administrative rationalization and employee benefits, as well as corporate employees' needs for more convenient services.

### ● Insurance

We provide life planning consultation services tailored to customer needs and offer individual variable annuities ("IVAs"), annuity installment indemnity insurance for their comfortable post-retirement years, long-term housing loan-related fire insurance, loan repayment support insurance and overseas travelers' personal accident insurance.

### ● Takarakuji Lotteries

We have been entrusted with the operation of *Takarakuji* lotteries by all prefectures and 12 designated cities in Japan.

As the "*Takarakuji* Bank," we respond to customers' needs by making the most of our network of full-service branches, increasing the number of dedicated sales outlets and developing new sales channels.

## Realize Greater Efficiency

**We will expand our ATM and remote channel networks to increase convenience and promote cost cutting.**

### ● Multi-Channel Networks

With our nationwide network of full-service branches, we continue to offer customers greater convenience by expanding the number of close-to-customer, easy-to-use transaction counters at our in-store branches – branches established within the premises of supermarkets and the like. As of the end of March 2003, we had ATMs in approximately 9,200 locations, including joint-use ATMs established through tie-up agreements with convenience stores, and are actively working to expand this network.

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## Corporate Banking Group

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### Offering Optimal Solutions

#### ● Funding Support for Small-Scale Companies

To specialize in supporting the funding activities of SMEs, we have established Mizuho Business Finance Centers staffed by an experienced team of some 100 who offer consultations and other personalized support on lending by telephone and other means.

We also offer "Mizuho Advanced Partner," an unsecured loan product that uses a rapid 'automatic credit-scoring model' for responding speedily to the funding needs of smaller corporate customers.

#### ● Management and Start-Up Support for Newly-Launched Businesses and New Businesses

We provide proactive support for companies involved in the development of new technologies and products, developing funding methods that go beyond traditional methods, such as the copyright investment scheme, which utilizes beneficial interests in trust, or making use of the Charitable Trust for Mizuho New Business Fund for venture funding.

We also respond to IPO needs through multi-faceted collaboration with Mizuho Capital, Japan's leading bank-affiliated venture capital company, MHIS and MHTB.

#### ■ Mizuho Direct Starts Operations

In March 2003, we launched "Mizuho Direct," a service that allows customers to execute banking transactions by personal computer, telephone, mobile phone and other methods under a single contract. Customers can access their account at any Mizuho branch in Japan to check their balances, make transfers between their accounts free of charge or transfers to other accounts, and conduct transactions including time deposit, foreign currency deposit and purchase of investment trust and even lottery tickets.

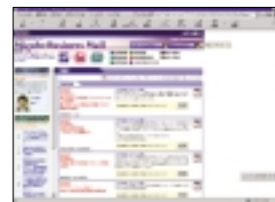
#### ■ Mizuho Business Finance Centers

Our Business Finance Centers offer smaller corporate customers tailor-made funding information and advice.

- Customized information and advice on funding, loans and various institutional lending schemes.
- Access tools include telephone, facsimile, direct mail, Internet and electronic mail.
- Currently there are seven centers located in the Tokyo area and Osaka, to which approximately 100 veteran staff are deployed. In the future, we plan to increase the number of centers to 20 to 30, and staff them with 500 employees.
- Results: 26,000 companies, ¥230 billion in outstanding loans.  
(As of March 31, 2003)

#### ■ Mizuho Business Mall

Aimed at company owners and management level customers in charge of finance and business promotion, Mizuho Business Mall offers the latest management and business information on a weekly basis through e-mail and an exclusive home page, and answers questions and accepts requests.



■ **Charitable Trust for Mizuho**

**New Business Fund**

This fund was set up in 1996 by MHBK's contribution and has been managed by MHTB. The fund aims at contributing to the promotion and support of SMEs through a subsidy program for R&D- and knowledge-intensive venture companies. Applications for financing are accepted once a year, and through fiscal 2002, an aggregate total of 85 companies had been granted subsidies.

■ **New Schemes and Products**

**Copyright investment scheme**

In addition to lending that uses copyrights as collateral and securitizing the profit distribution rights inherent in copyrights, securitization of the subsidiary revenues from sales of character goods derived from popular animation video movies offers useful support for funding. In November 2002, we made our first offering in this field when we issued trust certificates in trust based on secondary income from several dozen popular animation works and sold them to corporate customers.

**Loans with stock purchase warrants**

In a tie-up with Mizuho Capital, we became the first major bank to provide low-interest finance using stock subscription rights for customers planning IPOs.

**Vendor finance**

This financing scheme uses machine tools and other equipment as collateral and is offered in conjunction with group leasing companies that are well acquainted with the management and disposal of equipment.

**Special purpose loans related to diesel-powered vehicles**

This scheme was introduced to provide finance to meet replacement demand for diesel-powered vehicles among smaller enterprises required to satisfy new exhaust emission controls (Automotive NOx and PM Law, the Environmental Security Ordinance of the Tokyo Metropolitan Government, etc.).

**Mizuho Frontier Partner 03**

We established this scheme to provide new customers who meet certain conditions in respect of operational size and other factors with up to ¥100 million in necessary business funding per company without requiring collateral or third party joint and several guarantors.

● **Support for Business Expansion and Reorganization**

We use the bank's broadly based business research capabilities to provide powerful support for customers in realizing and executing business plans to deal with their management issues. Specialists provide speedy responses for resolving business issues by offering investment banking services such as M&As and MBOs.

We are the top Japanese banking group in arranging syndicated loans, which contribute to the diversification of funding sources.

● **Support for Business Activities in Asia**

In order to satisfy the needs of Japanese corporate customers actively entering into Asian markets, particularly China, specialist staff who are well-versed in overseas conditions provide assistance in customers' local projects through our group's overseas network, which is the most extensive of any Japanese bank.

● **Hospital Management Support**

We offer comprehensive consulting services to deal with the environmental changes affecting hospital management. We have already conducted hospital management support projects assisting some 300 hospitals in rationalizing and boosting managerial efficiency, from healthcare-related systems, medical equipment and hospital meals to medical administration and pharmaceutical prescriptions, as well as financial issues and management.

**Provide a Rapid Response though IT**

Centered on the Internet-based Mizuho Business Mall, we periodically offer some 30,000 companies and 70,000 individual members the latest information on management and business issues such as financial strategy, business strategy, international information, financial management, management consultation, human resources and labor.

Furthermore, inquiries that customers submit via the Internet are responded to quickly by the dedicated staff at head office and in branches.

**Funding Support for SMEs and Middle Market Enterprises**

● **Product Development, etc.**

We are developing new products to satisfy sound demand for funds from the SMEs and middle market enterprises that underpin the Japanese economy, including loans with stock purchase warrants, vendor finance (with leasing company guarantees) and special purpose loans related to diesel-powered vehicles in connection with the Tokyo Metropolitan Government's exhaust emission controls. We are also responding proactively to the diversification of funding methods by arranging CLOs and CBOs as part of the Tokyo Metropolitan Government's bond market program.

● **Develop New Markets and Increasing Our Customer Base**

A staff of 500 works exclusively to attract new customers among successful SMEs and middle market enterprises. We have also developed the "Mizuho Frontier Partner 03," a new unsecured loan product designed to open up new markets.

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## Public Sector Banking Group

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### **Effective Response to the Diversifying Administrative Needs of Local Governments**

The shift of authority from the national to the local level has increased the importance of the roles played by local governments and the fiscal measures they implement. Efforts now focus on developing and establishing simple, efficient administrative structures capable of dealing with new administrative issues and responding to the diverse needs of residents, and on reforms designed to improve the health of local government finances. Moreover, to ensure that public services are provided efficiently and effectively, numerous deregulatory measures have been introduced, including the contracting out of services to the private sector. We are actively involved in providing financial services to contribute to efficiency improvements in local government, arranging PFIs and introducing the *Pay-easy* and other electronic payment systems for public charges.

In fiscal 2002, Mizuho Research Institute was commissioned to undertake 29 PFI research and advisory projects, which is among the most taken on by any think tank in Japan. With regard to the computerization of payment systems for collecting public charges for local governments, from January 2003, we started practical tests of the *Pay-easy* payment service for electronic collection of charges for the use of municipal welfare facilities and parking facilities for motorcycles and bicycles in Tokyo's Mitaka City, which became the first local government to try such a system.

As a designated financial institution for 35 local governments mainly in the Tokyo Metropolitan area, we are making every effort to fulfill the expectations of local governments and residents. We also make use of our nationwide network of full-service branches in providing tailored financial services to local governments and related bodies throughout Japan.

During fiscal 2002, we arranged CBOs and CLOs for the Tokyo Metropolitan Government's "Financial Market Plan," which is a scheme designed to provide support for direct fund raising. Also, the new financing scheme we proposed for replacement of diesel powered vehicles in response to the new regulation beginning in October 2003 has been accepted and introduced by the Tokyo Metropolitan Government as an urgent and enhancing support measure in the metropolitan area.

### **Proactive Response to Needs Arising out of FILP and Special Public Corporation Reforms**

As progress is made in reforming the FILP, reorganizing national government ministries and agencies, and reforming special public corporations, the needs of public sector entities are rapidly diversifying. In addition to devising responses for dealing with the various new methods now emerging for procuring and investing funds, we closely follow developments as more public entities are transformed into independent administrative corporations, privatized or closed and consolidated. We stand ready at all times to offer them high-level services that bring together our group research and advisory capabilities, FT and expertise.





MHBK's dealing room

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## Trading and ALM Group

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### Sales and Trading Operations

The group offers not only traditional financial services and instruments like foreign exchange and CP, but also a broad line-up of derivative products such as interest rate and currency derivatives, commodity derivatives (crude oil, metals and other commodities) and weather derivatives by using cutting-edge financial technologies in order to provide solutions to customers' risk management requirements for hedging against financial and business risks. Moreover, we respond to a wide range of customer needs quickly by deploying a highly specialized sales support team to cover our nationwide branch network, by offering timely market information through the Internet, and holding various seminars for customers.

We conduct trading activities in a flexible manner by managing market risk and other types of risk appropriately.

### Banking Operations

We carefully manage the interest rate risk and liquidity risk associated with our portfolios, which comprise the assets and liabilities we hold, including deposits, loans and securities. These effective risk controls make flexible use of derivatives and other transactions, and enable us to ensure a stronger, more stable earnings structure.

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## Securities and Investment Banking Group

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### Securities and Investment Banking Operations

In addition to our own services, we employ the underwriting capabilities of group securities companies such as MHIS and the overseas subsidiaries of our group to provide SMEs and middle market enterprises with support in procuring funds through issues of private and public bonds, foreign bonds, equities and collateralized bond obligations.

We also draw on our group's comprehensive capabilities to provide services to companies that plan to go public. These capabilities include advice from MHBK and group securities companies, investments through Mizuho Capital, a leading venture capital company, and underwriting and sales of equities by MHIS.

### Cooperation with Group Securities Companies

Group securities companies such as MHIS offer a wide variety of financial services for MHBK's corporate and individual customers with securities investment needs.

MHIS is in a position to provide speedier advice on financing after it resumed underwriting operations for corporations through its 61 branches in Japan from fiscal 2003.

MHBK and MHIS have already established 12 jointly operated branches, and will step up our efforts to establish new-type joint branches using booths set up in space leased within the banking floor area, thereby offering more convenient comprehensive financial services in the form of one-stop shopping for banking and securities services.

#### ■ Tokyo Metropolitan Government's CBO Program

We arranged CBOs for the Tokyo Metropolitan Government's Financial Market Plan.

After the bank subscribed for private bonds (uncollateralized, unguaranteed and with a maturity of approximately two years) issued by 189 SMEs mainly in the Tokyo Metropolitan area, a special purpose company used these bonds as collateral for public issues of CBOs, which were then sold on to institutional investors by MHSC.

#### ■ Promoting One-Stop Shopping

In October 2002, we opened the first joint branch to offer banking and securities services in the same lobby in Shakujii, Tokyo following the relaxation of regulations that required clear separation between the branches of banks and securities companies. In November 2002, we opened the first joint branch in Japan to feature banking, securities and trust bank services in Omori, Tokyo. In January 2003, we opened a joint branch to offer banking, securities and trust bank services in Hamamatsu, and set up the first securities company sales booth in the banking lobby. As of the end of June 2003, we were operating 15 joint bank/trust bank branches, 10 joint bank/securities branches and two joint bank/securities/trust bank branches.

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## Trust and Asset Management Group

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### Investment Trusts

The extensive Mizuho Fund Collection is designed to offer appropriate solutions for customers' asset management requirements. To help customers with their long-term investment plans, we also provide advice on asset allocation according to investment targets and risk tolerance, and a carefully devised after-care program concerning investment performance and the profit and loss situation.

### Defined Contribution Pensions

We act as a management and administration institution for corporate customers, providing integrated services from feasibility studies and scheme design through to the introduction and administration of defined contribution pension schemes. We provide support for individual customers through a pension asset formation scheme called the Mizuho Personal Pension Plan. By offering services and products that satisfy corporate customers, participants and individual customers, we are channeling our total resources and capabilities into becoming a frontrunner in the Japanese defined contribution pension market.

### Franchise System in Trust Services

As a franchisee of MHTB, we are able to respond faster and more precisely to customers' financial needs and offer more in-depth solutions in the form of highly specialized trust products in areas like pensions, stock transfer agency services, securities management and securitization. As of March 31, 2003, 379 branches handled these services, concluding over 300 contracts in the year beginning April 2002.

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## e-Business Services Group

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### B2B (Business to Business) Business

We are using our customer base, the largest of any domestic bank, as the foundation for strengthening our firm banking services in Japan.

We respond to customers' needs by offering cash management services between affiliated companies, Internet banking services for corporations and products that customers can use in facilitating all aspects of settlement, such as invoicing, payments and reconciliation of accounts receivable.

### B2C (Business to Consumer) Business

The group has played a key role in popularizing the use of debit cards, and both the number of participating stores and the amounts involved have been increasing. We are also working actively to expand convenient services such as our Internet shopping payment settlement scheme.

In the area of IC cards, which are also in the spotlight because of their multi-functionality and strong security features, we continue our quest to develop more sophisticated cash cards that incorporate IC chips, such as employee ID cards combined with cash cards.

### Multi-Payment Network Services

The group is playing a central role in the building and operation of a multi-payment network that will constitute the core of a government-private sector settlement infrastructure. The *Pay-easy* service for payments of bills is already in operation, and we are pursuing convenience for customers through the development of new services, such as the automatic debit transactions reception service that is to be introduced soon.



Screen shot of MHBK's M-PAS Portfolio Advisory System.

#### ■ Debit Cards

This service enables customers to make purchases and pay bills using their cash cards.

Customers simply insert their cash cards into the terminals installed at participating stores displaying the sign shown below. After the terminal reads the information recorded on the cash card, the customer simply inputs his or her personal identification number.

Participating stores contracted with Mizuho account around 32% of sales revenues of debit cards in Japan.

Source: Japan Debit Card Promotion Association survey.



The J-Debit mark.

#### ■ Pay-easy

Customers use this service to pay their bills, taxes and treasury fund remittances using PCs, mobile phones and ATMs.

We were the first financial group in Japan to offer these services for the payment of mobile phone bills and airfares. We are also making a major contribution to the promotion of "e-government" through practical testing of systems for electronic collection of charges for the use of municipal welfare facilities and motorcycle and bicycle parking facilities.



The Pay-easy mark.

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### Glossary

▶ **Silent Confirmation**

Refers to the practice of confirming the L/C in question (confirmation) without notifying the bank issuing the LC (silent), at the request of the exporter in export L/C transactions.

▶ **Forfaiting**

Refers to purchases on the condition of acceptance of time bills without the right of recourse for repurchase by the exporter in export L/C transactions.

▶ **Invoice Discount**

Refers to a scheme whereby MHBK provides finance while our group's factoring company, Mizuho Factors, provides a final collection guarantee for deferred remittance export transactions.

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## Trade Services Group

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### Foreign Exchange

While working to improve the quality of our various foreign exchange transaction services, we saw the expansionary trend in business with Asia as an encouragement to put more effort into increasing our turnover in the area of import-export transactions by enhancing our services in Asian currencies such as the Chinese renminbi, the Taiwanese dollar and the Korean won.

### Foreign Currency Deposits

In addition to ordinary and time deposits denominated in six currencies – the U.S. dollar, British pound sterling, Swiss franc, Australian dollar and New Zealand dollar – we extended our product range by offering special foreign currency time deposit contracts denominated in the U.S. dollar and the euro for hedging against exchange risk within certain parameters, taking the number one position among Japanese banks in terms of outstanding deposits. We also offer a foreign currency transfer service that allows two-way transfers between yen deposits and foreign savings deposits (U.S. dollar) through ATMs using a single cash card.

### Trade Finance

As the need for hedging against risk connected with recovery of export claims increases, we are adding new schemes such as silent confirmation and forfaiting to the confirmation of L/C transactions. For non-L/C transactions, we have moved to meet an even wider range of needs by providing invoice discount in a tie-up with our group factoring company, Mizuho Factors.

### Trade Finance EDI

To improve the efficiency of trade operations through the use of electronic documentation, we participate enthusiastically in global projects such as Bolero as a means of strengthening our cross-border settlement capabilities.

### Basic Strategy for Securities Business

In the securities business sector, the group's three securities companies—MHSC, MHIS and Shinko Securities—are making the most of their strengths and advantages in order to make a contribution to consolidated group profits and compete with other major securities companies.

MHSC is a top-class investment bank in Japan that operates at a global level and follows business models that enable it to deliver high profitability. MHIS cooperates with MHBK in responding to the securities investment needs of MHBK's customers, while Shinko Securities makes its comprehensive securities services available for proactive use by the group.

In the "Business Reorganization" implemented by the group in March 2003, MHSC was made a subsidiary of MHCB and MHIS a subsidiary of MHBK in order to pursue greater synergies by strengthening the ties between group banks and securities companies on the basis of customer segmentation. This resulted in the creation of a framework for providing comprehensive solutions that make the most of the respective functions of the banks and securities companies.

More specifically, cooperation between MHCB and MHSC has enabled them to establish a broad product line-up that satisfies customers' increasingly complex and sophisticated needs and offer more specialist products and services through MHSC's bond-, stock- and investment banking-related functions. MHBK and MHIS are working to improve customer convenience further by offering "one-stop" financial services through their active and ongoing program of opening new joint branches.

In addition to this, MHSC is also strengthening its cooperative relationship with MHIS and Shinko Securities, setting up a business alliance with Shinko Securities in December 2002 to create a joint marketing relationship for securing underwriting business, and will continue to form new business alliances in a wide range of fields.

#### Characteristics of the Three Group Securities Companies

<b>MHSC</b>	A securities company specializing in wholesale services for a wide range of customers covering domestic institutional investors, corporations, financial institutions and public institutions.
<b>MHIS</b>	A securities company catering to group customers through a tie-up with MHBK.
<b>Shinko Securities</b>	A comprehensive securities company specializing in the middle market and retail securities businesses.

## Mizuho Securities and Its Overseas Securities Subsidiaries

### Basic Strategy

MHSC and its overseas securities subsidiaries operate as wholesale securities companies that offer optimized solutions in the areas of securities and investment banking in response to the needs of domestic and overseas institutional investors, corporations, financial institutions and public institutions. Its core businesses are debt, equities, M&A and structured finance and it competes with the big firms of Europe and the U.S. as a professional house that draws on high-quality human resources and advanced FT to offer consistently excellent products and services at the global level through its bases in New York, London, Zurich and Hong Kong.

In fiscal 2002, MHSC posted consolidated Ordinary Profits of ¥43.2 billion, and aims to exceed ¥50 billion by fiscal 2004.

### Joining the Ranks of the Big Three Securities Companies in Bond Trading

As a leading player in the bond market, MHSC follows the basic principle of being a bond house that customers can trust, providing products that suit their investment strategies, engaging proactively in market making, and offering high-quality information. In the primary bond market, it ranked third in the domestic straight bonds (SB) league table behind Nomura

#### Domestic SB League Table (Lead Managed Issues)

Total issues: ¥4,824.0 billion

Rank	Securities company	Lead managed issues (billion yen)	Market share (%)
1	Nomura Securities	1,096.7	22.73
2	Daiwa Securities SMBC	856.4	17.75
3	Mizuho Securities	800.0	16.58
4	Nikko Citigroup	771.7	16.00
5	Mitsubishi Securities	426.0	8.83
6	Goldman Sachs & Co.	220.9	4.58
7	UFJ Tsubasa Securities	156.0	3.23
8	Merrill Lynch Japan Securities	113.3	2.35
9	Norinchukin Securities	97.0	2.01
10	UBS Warburg Securities	62.5	1.30

\* April 1, 2002 – March 31, 2003

\* Contract date basis.

\* Excluding city bank issues, self-financing issues, and retail investor target issues.

\* Source: IN Information Center

Securities and Daiwa Securities SMBC, and first in the area of electric power bonds and FILP Agency Bonds in fiscal 2002, and has a powerful presence in the secondary bond market.

In the area of research, it maintains its steady efforts to provide macroeconomic, credit and other market analyses and portfolio diagnostic services to satisfy customers' individual needs. As a result, MHSC captured the number one position in four divisions in the Eighth *Nikkei Bond Information* rankings published by the leading Japanese financial daily, *Nihon Keizai Shimbun*—bond analyst, economist, credit analyst, and overall evaluation by company—the latter for the second successive year.

### Equities Trading Gets Underway in Earnest

In equities trading, MHSC provides a full line-up of services for a wide range of customers, from domestic and overseas institutional investors to corporations, financial institutions and public corporations. To build on the excellent reputation in the area of macroeconomic analysis, it sought to strengthen its research capabilities in the area of individual corporate analyses by reinforcing its team of sector analysts. As a result, its overall ranking in all sectors in the 15th annual Nikkei analyst survey rose to seventh. On the business promotion side, MHSC is steadily expanding its block trading and other transactional capabilities both in the domestic market and with institutional investors overseas, cooperating with the sales teams of its securities subsidiaries in London, New York, Zurich and Hong Kong to create a framework that will allow rapid and accurate global dissemination of research reports. MHSC aims to strive harder to develop its global business through overseas placements and IR briefings for institutional investors.

### Top-Level Investment Banking

MHSC's investment banking activities are built on two pillars: M&A and other financial advisory business pertaining to corporate mergers and buyouts, and structured finance business pertaining to ABS and real estate securitization. Both these areas are closely intertwined with the structural reform of the Japanese economy in areas such as industrial reorganization and balance sheet restructuring.

#### ● Advisory Business

MHSC is among the world's best in the M&A advisory business, coming in third in terms of transaction value and second in terms of number of transactions in the M&A advisory rankings for January-December 2002. As the pace of change in the business environment accelerates, it will continue to provide advisory services in connection with corporate mergers, stock-for-stock exchanges, corporate splits, sales and purchases, business tie-ups and capital strategies, as well as corporate revitalization and sell-offs of NPLs.

#### ● Structured Finance

Another vital element of the investment banking business is the structured finance business, which covers the securitization of real estate and monetary claims such as lease receivables and housing loan claims, and lease finance. MHSC has drawn on its human resources and know-how to compile a solid record in this area, in the process becoming a market leader. It was also successful in maintaining its number one position as a general ABS bookrunner for two successive years in fiscal 2001 and fiscal 2002. It will continue its proactive approach to all aspects of the asset securitization business starting with the highly promising REIT related business, while responding to customers' needs through the development of various kinds of financial technologies.

#### Announced M&A; Japanese Target, Any Acquirer

(excluding equity carveouts, withdrawn deals & open market repurchases credit to target & acquirer advisors)

Rank	Advisor	Rank value (US\$ million)	No. of deals
1	Nomura	16,414.0	117
2	Daiwa Securities SMBC	7,768.3	86
3	Mizuho Financial Group	6,895.1	87
4	Citigroup/Salomon Smith Barney	6,884.6	21
5	Goldman Sachs & Co	4,205.8	10
6	JP Morgan	4,126.1	10
7	Morgan Stanley	4,120.4	23
8	Global Corporate Advisory	3,888.9	14
9	Arthur Andersen	3,732.6	7
10	UFJ Holdings	3,066.6	37

\* January 1, 2002 – December 31, 2002  
 \* Source: Thomson Financial

#### General ABS Bookrunner League Table

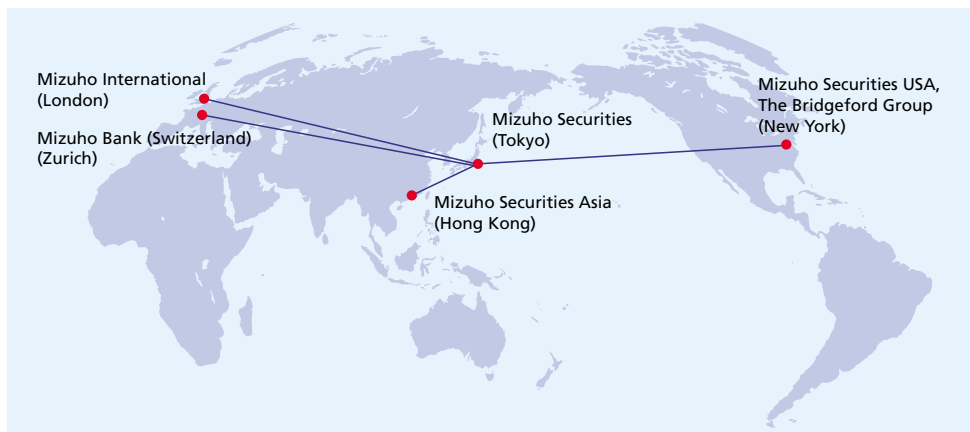
Rank	Securities company	No. of issues	Amount (yen in billions)	Market share (%)
1	Mizuho Securities	17	620.3	20.31
2	UFJ Tsubasa Securities	7	360.3	11.80
3	Daiwa Securities SMBC	11	354.0	11.59
4	Merrill Lynch Japan Securities	4	314.0	10.28
5	Nomura Securities	7	303.1	9.92
6	Nikko Citigroup	9	257.5	8.43
7	Shinsei Securities	6	204.4	6.69
8	Morgan Stanley Securities	4	135.8	4.44
9	CSFB	4	134.1	4.39
10	J.P. Morgan Securities	4	115.2	3.77

\* April 1, 2002 – March 31, 2003  
 \* ASBs backed by assets in Japan: Domestic public and private bonds and Eurobonds estimated by MHSC.  
 \* Source: Thomson Deal Watch

## Strategic Overseas Network

MHSC runs its domestic business seamlessly with four overseas securities subsidiaries—Mizuho International in London, Mizuho Securities USA, Mizuho Bank (Switzerland) and Mizuho Securities Asia in Hong Kong—and The Bridgeford Group in the U.S. In addition to trading Japanese securities, the overseas subsidiaries engage in various aspects of business overseas. Their operations include bond trading in the euro market, debt-equity finance and arrangement of securitization products in London, underwriting and trading of Japanese equities and private banking in Zurich, underwriting and trading of U.S. treasuries and other instruments, and agency transactions in financial futures in the U.S., and investment advisory services that exploit its access to the markets of Asia and China in Hong Kong. The Bridgeford Group covers M&A advisory services in connection with cross-border investments in Japan and the U.S. Based on MHSC's powerful overseas network, therefore, it is able to respond to the developing and diversifying needs of its customers at home and overseas.

### Overseas Network



## The Joint Branch Strategy of MHBK and MHIS

MHIS offers various securities-related solutions in response to the asset management and funding needs of group customers, particularly individuals and SMEs. It makes active use of its ties with group companies, building a strong relationship with MHBK branches through joint branch operations and holding joint seminars for customers with MHBK and MHTB.

Considerable progress has been made in the area of joint branches and MHIS is now a leading domestic securities company in this respect, with joint operations in 12 out of its 61 branches nationwide as of the end of June 2003. It was very quick to react to the deregulatory measures contained in the Program for Promoting Securities Markets Reform announced by the Financial Services Agency in August 2002, opening the first truly joint branch in Japan to give customers access to banking and securities services on the same floor at its Shakujii Branch in Tokyo in October 2002. Since then, it has set up various types of joint branches, including the Omori Branch in Tokyo which offers banking, trust banking and securities services provided by MHBK, MHTB and MHIS, respectively, and setting up an MHIS securities consultation booth in the banking lobby of the Hamamatsu Branch, the first of its kind in Japan. It plans to work even harder to improve customer convenience by accelerating the opening of new joint branches that can offer even more finely tuned services.

■ **MHSC's New Approach to Business**  
MHSC has established the following new strategic companies:

• **Japan Investor Relations and Investor Support (J-IRIS)**

Engages in research on investor relations for corporations, investor support for institutional investors and corporate governance.

• **Japan Industrial Partners**

This fund management company is a joint venture with Bain & Company, a U.S. consulting company, and NTT Data.

• **Basic Capital Management**

A fund management company set up jointly with Orix and Merrill Lynch to manage business revitalization funds.

• **Industrial Decisions (ID)**

A management strategy advisory company specializing in electric power, gas and other aspects of the energy industry set up jointly with Strategic Decisions Group, a strategic U.S. consulting company.



The joint branch in Shakujii, Tokyo.



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### The Cooperative Strategy of MHSC and Shinko Securities

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Shinko Securities offers its vast middle-market/retail customer base a full range of securities services through its nationwide network.

MHSC and Shinko Securities signed a memorandum on business collaboration and concluded a tie-up agreement in December 2002. Both companies plan to build a new relationship using strategies designed to make the most of their respective strengths and advantages to create a presence similar to that of the big three securities firms.

Their goal is to enhance the group's presence in the securities markets by improving their services to customers, with particular emphasis on strengthening cooperation in stock underwriting.

● **Cooperation between MHSC and Shinko Securities**

- Collaboration in securing lead manager roles through joint sales in the area of underwriting.
- Channel JASDAQ market-making business to Shinko Securities (implemented May 2003).
- Build a cooperative management structure for IR consulting.
- Product development.
- Utilize the functions of the overseas network.
- Hold group sponsored courses at universities.
- Human resources exchanges, etc.

Business Strategy of Mizuho  
**Trust and Asset Management Business Strategy**

#### **Basic Strategy for Trust Business**

We see the trust business as a growing sector and have restructured the group's trust banks in order to strengthen our ability to offer solutions that will satisfy customers' complex and sophisticated needs with precision and enhance our product lineup.

More specifically, the former Mizuho Trust & Banking merged with Mizuho Asset Trust & Banking (MHAT), under the name of Mizuho Trust & Banking (MHTB). The former specialized in corporate transactions in such business areas as pensions and asset management, stock transfer agency business and securitization, and the latter was strong in the private banking, real estate business and testamentary trust business. TCSB, originally set up jointly with four closely related life insurance companies, became a directly owned subsidiary of MHFG. The objective of this change was to position TCSB at the core of our infrastructure for overall group securities custody and administration business and provide customers not only inside but also outside of the group with high-quality services in this area.

MHTB aims to become one of Japan's leading trust banks, offering a full range of trust services complying with worldwide standards, earning an excellent reputation among customers, shareholders and market players, and winning society's confidence.

Utilizing the franchise system for trust services, MHTB has tied-up with group companies to realize greater synergies by offering unique MHTB trust products to corporate customers of MHCN and MHBK. MHTB also holds joint seminars to introduce testamentary trust and other functions to individual customers of MHBK and MHIS, and has opened joint branches with them.

Based on its cooperation with MHTB and other group companies, TCSB responds to customers promptly and precisely as a trust company specializing in securities custody and administration services with competitive strengths in terms of both quality and pricing.

## MHTB's Business Strategy

### Private Banking Business

Each customer's investment and inheritance needs are various, depending upon the type of asset, that is, whether they comprise real estate, funds or securities. In the belief that grasping and analyzing a customer's current situation is the first step to answer that customer's needs, MHTB communicates with customers to identify the essence of the issues facing the customer, and provides individual solutions for those issues of that customer.

MHTB's staff, highly experienced financial advisors, financial planners and registered real estate transaction managers, offer services on managing portfolios in the form of "Asset Management Trusts," real estate investments, apartment management, and testamentary trusts.

### Asset Management Products for Individuals

MHTB offers individual customers a wide range of attractive products, using its trust functions.

#### ● Securitization Products

MHTB offers original products created by fusing the credit enhancement (subordination structure) with trust functions. These products have proven very popular among customers.

#### ● Order-Made Asset Investment Products

MHTB offers an order-made money trust product for customers who are not satisfied with ready-made products. It is an individually managed product that pays performance dividends and is managed by fund managers in accordance with investment policies decided in advance by customers in consultations with private bankers or financial consultants. It is possible for various combinations of risk and return to be made depending on the customer portfolio.

### Real Estate Business

MHTB assists customers in maximizing the value of their real estate by making available a wide range of such functions as consulting on finance and inheritance, subdivision sales, appraisal, land trusts and securitization.

MHTB not only provides consultation services concerning purchases and sales of real estate, but also offers advice and makes comprehensive proposals to meet customers' needs in connection with acquisition, closing or consolidation of head offices, stores, branches, and factories, and the utilization of unused real estate. These proposals often refer to the use of preferential tax treatment and financial strategies. In the area of real estate securitization, MHTB handles various deals on the background of rising demand for more effective use of assets and funding diversification.

### Pension and Asset Management Business

The move to reform corporate pensions triggered by the introduction of accounting standards for retirement benefits is now underway in earnest, following the passage of the Defined Benefit Corporate Pension Law and the Defined Contribution Pension Law and approval for the return of the substituted portion of the Employees' Pension Insurance within Employees' Pension Fund to the government. There is definitely a growing need to review pension fund plans and investments, and the role that MHTB should fulfill as a trustee for corporate pensions is now more important than ever.

In this time of change, MHTB acts as a comprehensive pension trustee institution providing a full range of services which are actuarial and administrative services, asset management and administration services, and various consulting services, thus offering high-quality, appropriate

#### ■ MHTB Starts Operations

On March 12, 2003, MHTB got off to a new start following the merger of the former Mizuho Trust & Banking and MHAT.



#### ■ Tie-Up with Mizuho Asset Realty Company

Mizuho Asset Realty Company, the housing agency of MHTB's subsidiary, assists individuals with their real estate needs, from sales and purchases of family homes to consulting services on the use of unused land.

It has also established a membership club to provide members with the latest information on real estate investments in condominiums and commercial buildings.

#### ■ Second Consecutive Year as No.1 "Asset Management Company to be Newly Adopted for Pension Assets"

MHTB was ranked No. 1 for the second consecutive year as "an asset management company to be newly adopted for pension assets" in a survey\* of Employees' Pension Funds and corporations throughout Japan.

\*Customer survey report carried in "Nenkin Joho," November 18, 2002.

#### ■ Cooperation with Mizuho Pension Research Institute

As the oldest research institution in Japan to specialize in pension and asset management, Mizuho Pension Research Institute carries out research and generates information concerning pension schemes and offers pension consulting services. The *Mizuho Pensions Report*, which carries the reports of advanced research by Japanese and international researchers, has been very well received for its high levels of expertise and specialist knowledge.

#### ■ Develop Discretionary Investment Trusts

In September 2002, MHTB developed and started selling the industry's first discretionary investment trusts. Instead of following the usual practice of entrusting management of these investment trusts to investment trust management companies, MHTB manages them and aims to expand sales by further diversifying its product range.

services and products in response to our customers' individual needs as a "best solutions partner."

In order to satisfy a wide range of needs in the area of asset management mainly for corporate and public institutions pension funds, MHTB offers quality-oriented multi-strategy functions covering active investment strategies, alternative investment strategies and passive investment strategies. In addition, by making the most of investment advisory functions for dealing with the requirements and issues presented to MHTB by its customers, it has also won the trust of customers who are looking into restructuring their pension programs.

### **Asset Administration Business**

MHTB sees asset administration services such as those for specified money trusts (*tokkin* funds), investment trusts and pension funds as one of its most important core businesses, and customers value its services because they are manifestly based on a high degree of expertise.

As progress is made in reforming securities settlement systems, demand is growing for faster, more sophisticated asset administration services. MHTB associates with TCSB in order to be able to offer even higher levels of services by utilizing scale merit acquired through consolidating its assets to TCSB and taking full advantage of the two companies' combined know-how and management resources in asset administration services.

### **Stock Transfer Agency Business**

As a stock transfer agent for companies, MHTB offers various new services in response to the changes affecting legal systems and customers' needs. These services include management of shareholders' registers and requests for transfers, the development of systems for the use of IT at shareholders' meetings, services to encourage individual shareholders in Japan to exercise their voting rights, and services to provide information on foreign shareholders.

In order to respond to the recent increasing demand for high-level know-how for corporate restructurings in areas such as stock-for-stock exchanges and mergers, MHTB has strengthened its legal support functions by setting up a special division to deal with those matters. MHTB also responds to requests from both companies and shareholders, routinely providing advice to customers on running shareholders' meetings and information on stocks, as well as using its rich experience and know-how concerning mergers, capital increases, corporate naming changes and various other matters relating to stock administration.

### **Securitization Business**

For corporate customers who are interested in diversifying their funding sources or in off-balancing assets, MHTB offers funding methods using assets such as monetary claims like receivables and real estate which are normally thought not to be easily negotiable. MHTB also offers both individual and corporate customers new investment products.

In particular, MHTB uses its trust functions to fashion securitized assets such as money trusts into original fund products, and has developed the revolutionary "Noteless 2," a product that simultaneously satisfies the need for large and middle market enterprises to reduce the number of promissory notes issued and rationalize clerical operations while helping the fund-raising efforts of their suppliers. MHTB leads the market in structuring capabilities and total solution services.

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## TCSB's Business Strategy

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TCSB focuses its efforts on the areas listed below as a trust company dedicated to securities custody and administration services, managing securities held by MHCB, MHBK, MHTB, and other financial and non-financial institutions.

TCSB has developed and streamlined its state-of-the-art asset administration infrastructure to cope with securities settlement system reform, by constant and effective IT investment that TCSB began at its foundation, and by establishment of business management frameworks complying with worldwide standards that include utilizing external audits.

TCSB will continue to adhere to its customer-oriented policies as a trust company specializing in securities custody and administration services, offering highly competitive quality and price in response to its customers' needs and demands.

- **Securities Custody Services**
- **Offer Models for the Outsourcing of Securities Custody Services**

TCSB launched its first comprehensive securities outsourcing model in January 2003 when it started full subcontracting services in connection with the management of some ¥25 trillion in securities held by life insurance companies, including accounting services.

- **Master Trust Services**
- **Trustee Service in Connection with Defined Contribution Pension Plans**
- **Foreign Exchange and Securities Lending Services**

TCSB provides comprehensive custodian services that involve handling value-added services such as securities lending and foreign exchange services associated with its conventional custody services.

### ■ **Strengthen System Infrastructure to Cope with Securities Settlement System Reform**

In August 2002, TCSB launched the New Joint Settlement Infrastructure System, which incorporated STP (Straight Through Processing). As a result, TCSB became the first domestic trust bank to be ready for the T+1 settlement cycle.

### ■ **Moody's Upgrades MQR Rating**

In March 2003, the ratings agency Moody's granted TCSB an MQR of Aa3. This is equivalent to the former MQ1 (top) rating, and represents an upgrade from its former MQ2 rating. The ratings upgrade reflects Moody's high evaluation of TCSB's efforts to improve its IT systems and its business and risk management systems.

### ■ **Off-Site Back-Up System Goes into Operation**

In order to strengthen its plans and systems for dealing with contingencies, TCSB re-launched operations at its off-site back-up center in Saitama Prefecture, boasting robust, state-of-the-art facilities to cope with emergencies and disasters, in March 2003.

### ***Basic Strategy for Asset Management***

MHFG has adopted a proactive approach to the expanding investment trust and pensions markets, and aims to become one of the world's leading asset management groups in terms of both quality and assets under management.

Recently, we made direct investments in our asset management companies (DKA, FIMCO and DIAM) to clarify their positions as core members of the group. Each of these companies makes the most of its own investment philosophy, style and processes in providing a wide range of high-quality products and services to companies both in and out of the group.

In distribution of investment trusts, we offer a widely varied line-up of products designed to meet the increasing complex and sophisticated needs of customers, as well as arranging and selling privately placed investment trusts for corporate customers.

As a front-runner in the Japanese defined contribution pension business, we are channeling our total resources into providing solutions for corporate management issues by supporting the formation of assets for employees to enjoy in their retirement. Our services cover every aspect of the business, from management and administration functions such as product selection and the education of participants to offering products such as investment trusts and deposits, consultation on the design of corporate schemes, and the management of contributed pension assets.

**The Mizuho Financial Group is highly ranked in a wide range of financial services in Japan.**

### Supporting the Financial Needs of Households

- ¥33 trillion in personal assets under management (No.1 among Japanese banks)
- ¥9 trillion in residential housing loan portfolio (No.1 among Japanese banks)
- 7.06 million customers utilizing membership-style banking services (No.1 among Japanese banks)
- 9,653 testamentary trusts entrusted (No.1 in industry sector)
- Mizuho Bank's 648 full-service branches; 8,500 automated outlets (locations of ATMs including joint-use ATMs at convenience stores) in Japan

(All figures are as of March 31, 2003.)

### Supporting the Financial Needs of Corporations

- US\$36.9 billion in arrangement of syndicated loans in the Asian Pacific region (including Japan) in 2002 (No.1 among financial institutions worldwide)
- ¥800 billion in lead management of domestic straight bond issues excluding city bank issues, self-financing issues and retail investors targeted issues (No.3 in industry sector) for fiscal 2002
- ¥505.5 billion in lead management of FILP agency bond issues (No.1 in industry sector) for fiscal 2002
- 87 arrangements (No.2 in industry sector) and US\$6.9 billion (No.3 in industry sector) in M&A advisory banking transactions in which Japanese companies operating in Japan were merged or acquired (announcement basis) in 2002
- ¥4.7 trillion in domestic pension funds under investment management (No.1 in industry sector) as of December 31, 2002
- ¥6.1 trillion in securitized assets (receivables and real estate) under administration as trustee (No.1 in industry sector) as of March 31, 2003
- ¥1.2 trillion in retirement benefit funds under administration as trustee (No.1 in industry sector) as of March 31, 2003

### Supporting Global Business

- US\$2,367 million in arrangement of global project finance (No.1 among Japanese banks) in 2002
- 45% share in yen securities custody service for foreign investors (No.1 among Japanese banks) as of March 31, 2003
- 34% share in foreign exchange (yen clearing) services (No.1 among Japanese banks) as of March 31, 2003

\*All figures are for the group, and are rounded off.



## Community Activities

~We have established a basic approach to and guidelines for community activities, and are engaged in numerous programs at home and overseas~

To fulfill our role as a “good corporate citizen” in local communities, we have adopted a proactive policy of contributing to society in five areas laid down by our guidelines: (1) nurturing young people; (2) social welfare; (3) promotion of the arts, culture and academic studies; (4) international exchange; and (5) global environmental preservation.



### ● Traffic Safety Campaign

As part of the group's annual “Yellow Badge Traffic Safety Campaign,” we provide first-graders throughout Japan with yellow badges that, when worn, signify they are automatically covered by traffic accident insurance. 2003 marks the 39th year of this campaign, which started in 1965 and was carried out under MHFG, Sompo Japan Insurance, The Yasuda Mutual Life Insurance Company and The Dai-ichi Mutual Life Insurance Company. The campaign has now provided insurance coverage for a total of 48.26 million children in Japan.



### ● Encyclopedias about Japan for Children Presented to Primary Schools Nationwide

In September 2002, we published a mini encyclopedia about Japan for children and presented copies to some 24,000 primary schools throughout Japan. The books give an easy-to-understand overall introduction to Japan's natural environment, history, culture and industry with ample use of visuals, and are placed in school libraries.



### ● Mizuho Charity Fund

In August 2002, we established the Mizuho Charity Fund as a fund collection method to promote community activities by the group's staff. Contributions in units of ¥100 are collected directly from monthly salaries and donated to group philanthropic foundations, used as relief funds during large-scale disasters and contributed to volunteer organizations selected from groups recommended by employees. In May 2003, we made a contribution of ¥1.5 million (approximately 100,000 renminbi) to the Ministry of Health of the People's Republic of China for patients suffering from SARS (Severe Acute Respiratory Syndrome) and for medical personnel.



### ● Support for the "All-Japan Elementary and Junior High School Students' Environmental Art Contest"

Since 1996, we have supported the “All-Japan Elementary and Junior High School Students' Environmental Art Contest,” which promotes environmental education among elementary and junior high school students. Winners are presented with books containing the winning entries.

### ● Activities of Philanthropic Foundations

The Mizuho Financial Group supports welfare assistance for senior citizens and physically challenged persons, education and scholarships, international exchange and academic research through the following philanthropic foundations.



#### Mizuho Education Welfare Foundation

Assistance for education in rural areas, education of physically challenged children, and welfare for senior citizens (grants, donations of sports equipment and welfare vehicles).

#### Mizuho Welfare Foundation

Assistance in connection with the welfare of the disabled. (Grants, donations of electrically powered wheelchairs and welfare vehicles. Funds for translating books into Braille for visually impaired university students.)

#### Mizuho International Foundation

Scholarships for students from overseas studying in Japan. Training for personnel to undertake work in the area of international exchange.

#### Mizuho Foundation for the Promotion of Sciences

Research grants in the areas of engineering and law. Public essay contests in the areas of law and economics. Scholarships for students from overseas studying in Japan.

#### Mizuho Scholarship Foundation

Scholastic loans for deserving students facing economic hardship.





### Overseas Activities

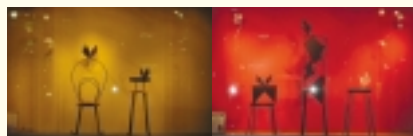
#### ● Activities of the Mizuho USA Foundation, Inc., etc.

In the U.S., group employees and their families are very active in volunteer activities, participating in such events as walk-a-thons sponsored by the March of Dimes. The Mizuho USA Foundation, Inc. was launched on January 1, 2003 to assist non-profit organizations working to support and revitalize urban communities. The Mizuho Financial Group also provided assistance with scholarships in Southeast Asia and engaged in philanthropic activities in Taiwan through the Mizuho Asian Fund and the Mizuho Aishin Charity Fund.

### Support for Art and Culture

#### ● Coming-of-Age Day Concert

This year's "Coming-of-Age Day Concert" took place at the Suntory Hall in Tokyo on the Coming-of-Age Day national holiday on January 13, 2003. The concerts have been held annually since 1990 with a view to supporting young artists and popularizing classical music among the next generation of young people. One hundred young people who became 20 years old this year, the legal age of adulthood in Japan, were selected through a drawing to attend the event.



#### ● MIZUHO STREET GALLERY

In order to discover and support young artists, we make available the MIZUHO STREET GALLERY in the form of space in the window display areas of Mizuho Bank's Ginza Chuo and Sukiyabashi branches.

## Environmental Activities

~We are aware that it is our social responsibility to take into account environmental issues as we try to maintain a balance between economic development and environmental preservation~

In compliance with laws and ordinances relating to the environment, we are working to contribute to the protection of the environment through energy and resource conservation efforts that include separating and collecting garbage by type and using recycled materials. At the same time, we are tackling environmental issues as a financial institution by supporting customers' programs for dealing with the environment and offering financial products and services that contribute to environmental preservation.

#### ● Developing Environment-Related Financial Products and Advisory Services

	Description
Services related to global warming	The latest information on greenhouse gas emissions, trading and advisory services concerning the creation of trading systems, creation of schemes concerning CDM/JI (clean development mechanisms and joint implementation) investments, and the development of funding methods for validation and carbon funds.
Project finance	Advisory services for CDM/JI investments, arranging finance for wind power generation and garbage incineration facilities.
Natural energy-related products	Trading in wind speed (for wind power) and precipitation (for hydroelectric power) derivatives.
Environmental management consulting	Preparation of environmental IR strategies, introduction of environmental accounting and acquisition of ISO14001 certification.
Support for implementing LCA	Implementation of LCA (life cycle assessments) in connection with products and services.

▶ CDM/JI: The mechanism for the greenhouse gas emission reduction project adopted under the Kyoto Protocol.



Horonobe Wind Power Generation's Otonrui Wind Power Plant.

#### ● Environmental Risk Assessment in Financial Operations

The Mizuho Financial Group factors environmental risks into a growing number of credit decisions concerning companies and projects, and evaluations of corporate value in M&A transactions. Moreover, following the enforcement of the Law for the Prevention of Soil Pollution in February 2003, cases of soil pollution uncovered in connection with evaluations of real estate collateral are depreciated in light of real estate appraisal criteria.

## Management Framework of the Mizuho Financial Group

### Strengthening Corporate Governance

We have been working to achieve a streamlined and speedy management structure while strengthening corporate governance by inviting outside Directors to join our Board of Directors and establishing an advisory board. Together with devoting our effort to make corporate management transparent and efficient, we will carry out our business activities with integrity and fairness in conformity with social standards, positioning compliance as one of the fundamental principles of sound business management and complying strictly with all laws, ordinances, rules and regulations.

We manage the group through legally separate subsidiaries according to customer segmentation and business functions under the holding company structure we selected as the most suitable business model for dealing flexibly and dynamically with changes in the business environment. We are striving to maximize group corporate value by further enhancing the group companies' expertise and strengthening our ability to respond to customers' needs.

Moreover, MHFG, the group holding company, fulfills optimum administrative functions by implementing various measures designed to enhance the group's overall capabilities such as formulating group business portfolio strategies, realizing synergies among group companies and strengthening risk management, compliance management and internal auditing functions within the group. On the other hand, the group companies carry out their business in their respective sectors in line with the basic policies set by MHFG.

### Management Structure of Mizuho

MHFG's Board of Directors sets management policies and determines important matters for itself and its group

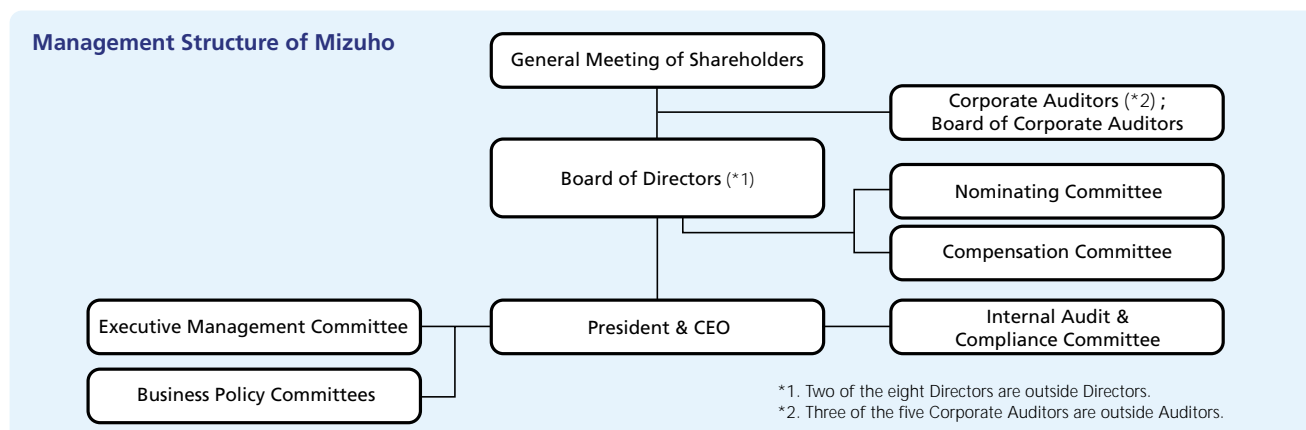
companies, and supervises the manner in which Directors and Executive Officers fulfill their duties. Outside Directors participate in board meetings from a position that is independent of actual execution of duties to strengthen the management and monitoring functions of the Board of Directors. MHFG has adopted the Executive Officer System in order to separate the managerial auditing function from the execution of duties, and clarify lines of authority and responsibility.

To ensure transparency and objectivity in personnel matters relating to the Board of Directors and Directors' remuneration, we have established two advisory bodies: the Nominating Committee and the Compensation Committee, both of which include outside Directors.

In respect of the execution of duties, the President & CEO manages MHFG according to the fundamental management policies determined by the Board of Directors. The Executive Management Committee has been established to serve as an advisory body for the President & CEO and discusses important matters concerning the execution of business operations.

MHFG's Corporate Auditors monitor whether operational execution by Directors is legal by attending Board meetings and expressing their views. MHFG's Internal Audit & Compliance Committee, on the other hand, has been established to fulfill an internal audit function under the chairmanship of the President & CEO by checking whether operational execution is appropriate from the viewpoint of compliance and audit. Outside specialists (one lawyer and one accountant) participate in the Internal Audit & Compliance Committee to reinforce its expertise and objectivity.

MHFG has also established an advisory board of outside experts that will offer objective evaluations and advice from an independent standpoint, aiming for a more open style management. The advisory board meets about every three months.



(As of June 25, 2003)

## Profit Management System of Mizuho

### Profit Management System Based on Legally Separate Subsidiaries According to Customer Segments and Business Lines

We have adopted a basic policy that aims to reinforce our financial strength through vigorous measures to increase profitability and cut costs. Centered on MHFG, we conduct profit management for the group, primarily for the core group companies, which have been legally separated according to customer segmentation and business function.

More specifically, we have clarified the strategic positions of the core group companies within the group on the basis of our group business portfolio strategy and, having ensured their autonomy and independence while bringing them closer together through the unifying force of MHFG, we are seeking to maximize group corporate value.

Regarding the core group companies, we are making efforts to optimize our business portfolio, managing profits through the following:

- Formulating plans for net business profits and net income, and carrying out performance management.
- Allocating management resources such as personnel, investment and risk assets.
- Risk controls and profitability assessments based on allocation of risk capital.

Further, each branch and division of the core group companies establishes its own profit plan according to the management policy, overall profit plans and resource allocations drawn up by MHFG and manages its performance.

MHCB has built its profit management system based on the business operations section including the units, while MHBK has built a profit management system centered on two axes—the group and the business promotion planning section. Each section of the two banks has been given authorities and responsibilities concerning profits, allowing rapid decision-making and more efficient allocation of management resources.

Both banks have also introduced the allocation of risk capital, which is one of the most important management

frameworks of the group. Each unit and group engages in business activities within the limits of that risk capital and RAROC is then used as a performance index to evaluate the return on allocated risk capital.

Basically, both banks have adopted a common profit management system and framework, but in actual operations take a flexible and swift approach that matches their individual business models.

### Consolidated Profit Management

While each core group company works to enhance its own profitability, we manage their profits on a consolidated basis as a means of building an optimal business portfolio that is balanced for the entire group.

Specifically, in addition to the core group companies, we formulate profit plans and manage performance for the strategically important subsidiaries and include their profits with those of the core group companies.

### Allocation of Risk Capital

In an environment where the financial sector faces progressive deregulation and globalization and financial technology grows in sophistication, financial institutions must strengthen their profitability while managing various types of risk.

Based on MHFG's business portfolio strategy, we have built a management structure under which optimized business activities are conducted within the limits of allocations of risk capital drawn from equity capital and other sources.

Under this framework, RAROC is used as an index to evaluate performance in terms of return on allocated risk capital at the level of the holding company and the core group companies. Our aim as a group is to improve capital efficiency by allocating resources more efficiently based on the results of these evaluations.

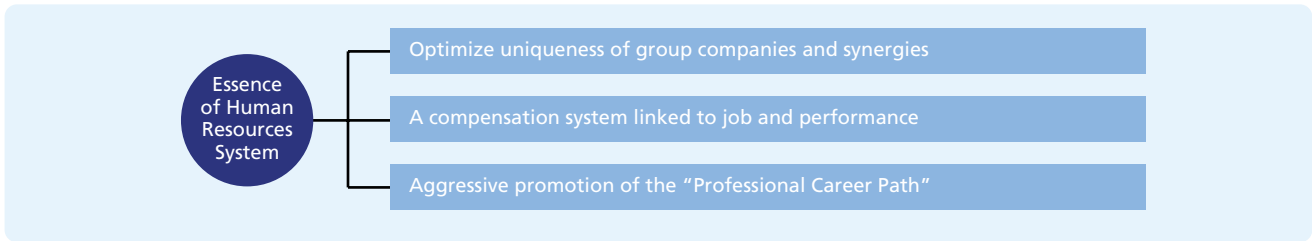
#### Glossary

##### ► RAROC (Risk-Adjusted Return on Capital)

RAROC is a measure of the profitability of allocated capital and is used as an index for assessing capital efficiency. RAROC is calculated by dividing risk-adjusted profits (profits adjusted to reflect statistically expected risk) by capital.



## Human Resources System of Mizuho



### Vision for Human Resources: ROE on Human Resources Investment

Employees of the group set a shared vision for human resources as follows:

"We promote the "ROE" principle for human resources with a view to lasting value creation and create an attractive and fulfilling working environment for employees."

In this vision, "ROE" stands for the following:

- Responsibility:** Observe the principles of independent judgement and self-accountability.
- Opportunity:** Provide equal opportunity.
- Employability:** Develop expertise to enhance competitiveness.

### Optimize Uniqueness of Group Companies and Synergies

Employees are employed by one of the group companies (MHFG, MHHD, MHCB, MHBK, MHSC, MHTB), in order that we can create a group of specialists that can deliver maximum innovativeness and speed for actions and decisions. At the same time, we are maximizing synergies between personnel and promote optimal human resources allocation across group companies, which is facilitated by the common basic compensation system (Common Platform for Human Resources).

### A Compensation System Linked to Job and Performance

We have introduced a compensation system linked to job and performance.

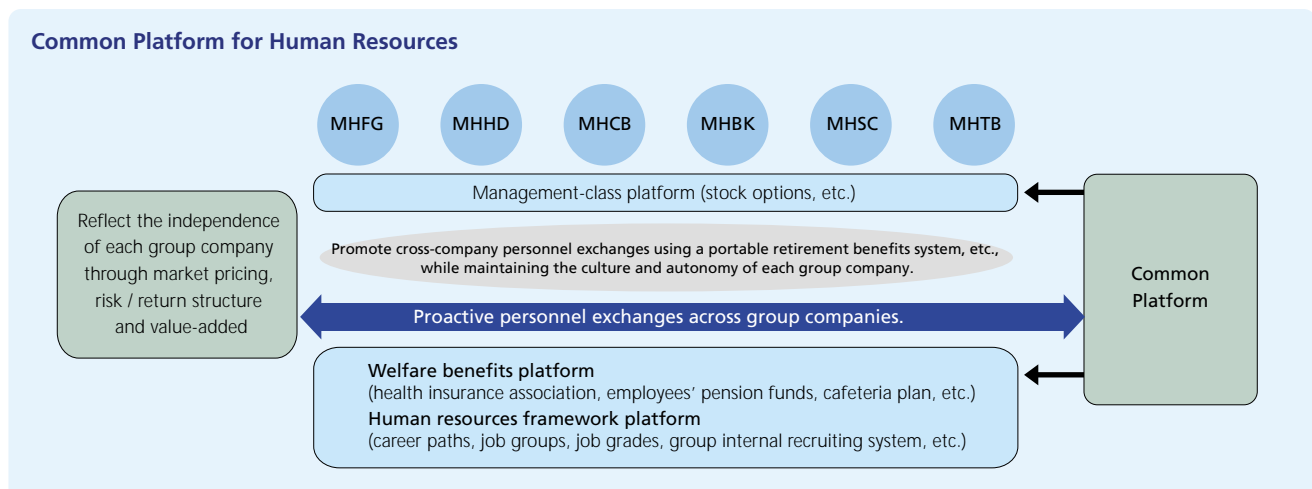
We pay salaries according to job grade that is determined by job responsibilities and other factors.

As for retirement benefits, we have introduced a combination of "basic retirement benefits" (based on job grades) and "performance-based retirement benefits."

### Aggressive Promotion of the "Professional Career Path"

We have put in place multi-featured compensation systems that meet the needs of employees and an increasingly fluid labor market.

One example is the aggressive promotion of the "Professional Career Path," with a salary system that is in line with market standards.



## Compliance Structure

### Basic Compliance Policy

We are acutely conscious at all times of our social responsibilities and public mission as Japan's leading comprehensive financial services group. We, therefore, work to ensure that we observe all laws and regulations, and pursue corporate activities in a fair and honest manner that conforms to the norms accepted by society. Adhering to the three basic principles for compliance listed below as the basis for our corporate activities throughout the group, each group company establishes its own compliance structure in line with the basic policies indicated by MHFG.

- 1) We shall place thoroughgoing compliance as one of the fundamental principles of sound business management.
- 2) We shall promote a compliance system which will be accepted in the global financial and capital markets.
- 3) We shall gain the favorable regard of our shareholders and the market, and build on the trust of society through rigorous compliance activities.

### Compliance Structure

In order to check that our business activities are appropriate in terms of compliance and audits, MHFG, MHCB and MHBK have each established the Internal Audit & Compliance Committee, which is headed by the CEO and includes Deputy Presidents, the Chief Compliance Officer (CCO) and external specialists in legal and accounting matters among its members. Moreover, the above companies established individual Compliance Divisions under the CCOs. These divisions are responsible for compliance planning and implementation, and control compliance management throughout each company. The head of every organizational unit is responsible for guidance and implementation in connection with compliance, while the compliance officer / compliance administrator is deployed to check the status of compliance.

MHCB and MHBK have set up Securities and Trading Compliance Offices within their Compliance Divisions to take responsibility for matters pertaining to compliance in trading operations and securities business such as registration.

Other core group companies such as MHSC and MHTB have also established compliance structures that suit the characteristics of their respective business sectors.

MHFG monitors the status of compliance throughout the group from reports submitted by the core group companies, and adopts appropriate responses whenever necessary.

Compliance at subsidiaries of the core group companies is monitored and managed through the core group companies themselves.

MHHD cooperates with MHFG in managing compliance at MHCB, MHBK, MHSC, MHIS and their group companies.

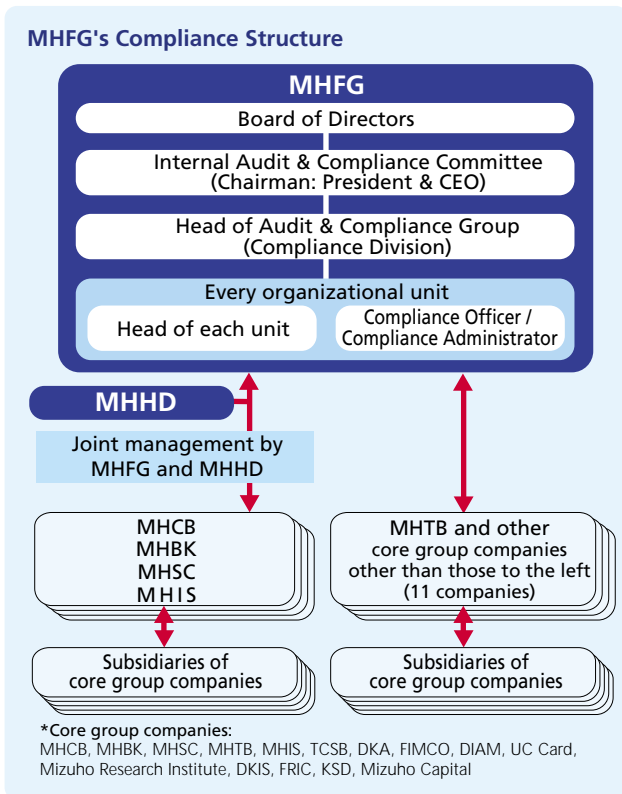
### Compliance Activities

Furthermore, we have drawn up the Mizuho Code of Conduct, which establishes clear and concrete standards of ethical behavior, distributing it to all senior executives and employees of the group and ensuring that they are well aware of its contents and act in accordance with them.

Each group company has also prepared a compliance manual, which serves as a practical guidebook for rigorously enforcing compliance, clarifying the laws and regulations that group companies must observe in pursuing their business activities and the compliance activities they should follow. Again, we are doing all we can to ensure that senior executives and employees are fully acquainted with its contents through compliance training.

To check compliance levels, we have established measures for ensuring that compliance is thoroughly enforced through primary self-checks by individual units and secondary checks by the internal audit section.

Each fiscal year, group companies also draw up compliance programs containing concrete measures for ensuring that compliance is thoroughly enforced, including various measures associated with establishing a compliance framework, training and checks. Progress in implementing the programs is monitored every half-year.



our corporate value while ensuring that the business of both the group as a whole and the affiliated companies remain healthy and stable, we are well aware that adopting risk management and control measures that match our operations and their inherent risks is an issue of key importance to management. For this reason we are taking steps to strengthen our risk management structure.

Based on this awareness, MHFG's Board of Directors has laid down basic policies for risk management that are applicable to the entire group for managing specific types of risk. These policies clearly define the kinds of risks to be managed, establish the organizational structure and provide for training the human resources necessary for appropriate levels of risk management. They also provide for audits to measure the effectiveness and suitability of the risk management structure. In line with these basic policies, we have clarified the framework for managing each type of risk and are working to strengthen risk management by adopting various measures and striving to enhance the sophistication of risk management.

## Risk Management Structure

### Commitment to Risk Management

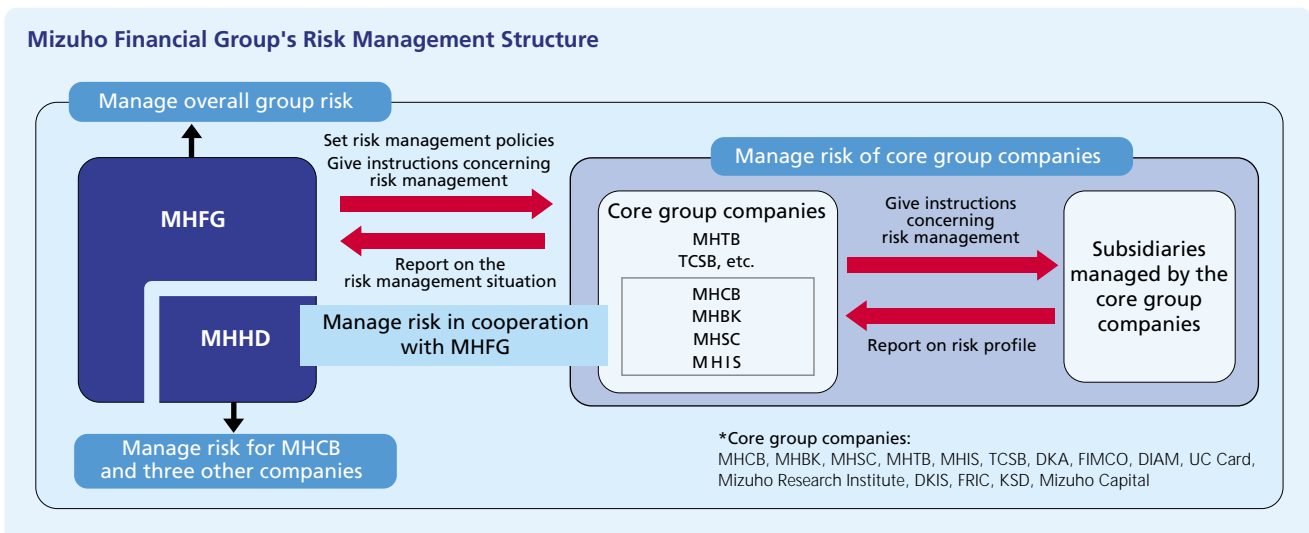
#### Basic Approach

Further progress in financial deregulation and internationalization has led to rapid growth in the diversity and complexity of banking operations, exposing financial institutions more than ever to various kinds of risk, including credit, market operations, IT, legal and settlement risks. In order to raise

### Overview of the Risk Management Structure

Each group subsidiary adopts the most appropriate risk management measures for its business and the size and nature of its risk exposures, while MHFG controls risk management for the group as a whole.

More specifically, MHFG regularly and as required receives reports from the core group companies on their risk management situation and it approves certain risk limits based on the basic risk management policies adopted by its Board of Directors. MHFG also monitors the risk profile of the entire group, and gives appropriate instructions concerning





risk management to core group companies. MHHD cooperates with MHFG in managing the risk of MHCB, MHBK, MHSC, MHIS and their group companies.

Each core group company also has its own system for managing different types of risk, regularly and as required receiving reports on the status of risk at their own group subsidiaries. In this way, each core group company monitors the risk profile for itself and its own group subsidiaries, and gives the latter appropriate instructions on risk management.

MHFG and its core group companies, therefore, manage overall risk for the entire group, including subsidiaries of the core group companies.

## Integrated Risk Management

### Basic Approach

We define integrated risk management as controlling risk within managerially tolerable limits through consolidated management of risks belonging to different categories by grasping the existence and scale of risk in a timely and accurate manner. We then take appropriate measures to deal with it as necessary before or after the fact, while establishing management frameworks centered on risk capital allocations.

There are two broad areas of risk management. First, management of credit risk and market risk aims to control risks appropriately in order to secure profits. Second, management of operations risk, IT risk and legal risk seeks to avert risk in order to avoid losses.

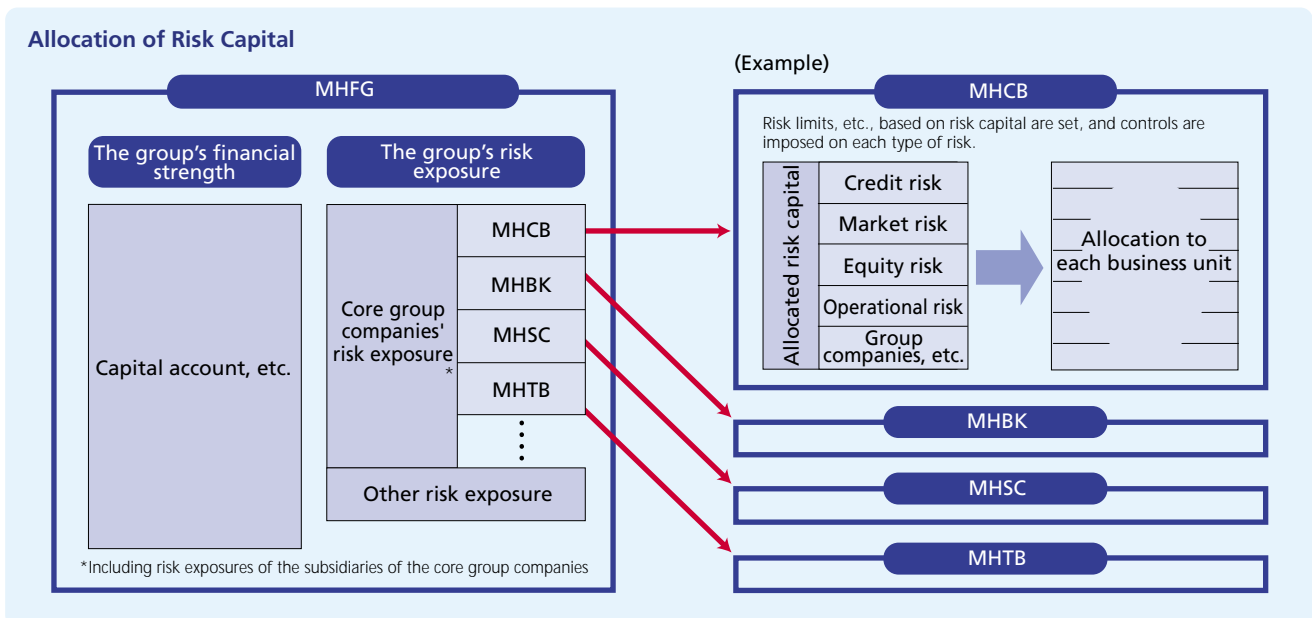
We use quantitative methods to control total credit risk,

market risk, equity risk and operational risk in line with Basic Policy for Integrated Risk Management laid down by MHFG. We also take a proactive approach to enhancing the sophistication of our risk management methods by tailoring them to the characteristics of different type of risks.

### Risk Capital Allocation

We use our integrated risk management framework as the basis for obtaining the clearest possible grasp of the group's overall risk exposure, and have implemented measures to keep such risks within the group's financial base.

More specifically, MHFG allocates risk capital to the core group companies, including their own group companies, to control risk within the limits set for each company. MHFG also controls risk within managerially tolerable limits by working to ensure that the overall risk held by the group on a consolidated basis does not exceed the capital account and other measures of financial strength. To ensure the ongoing financial health of MHFG and the core group companies, we regularly monitor the manner in which this risk capital is being used in order to obtain a proper grasp of the risk profile within this framework. Reports are also submitted to the Board of Directors and other committees of each company. To prevent uneven distribution of overall risk within the group, risk capital is allocated to MHCB and MHBK by risk category, covering credit risk, market risk, equity risk and operational risk. This risk capital is further allocated to the business units within the individual banks to create a framework for managing it within the limits of the allocated amounts.



## Credit Risk Management

### Basic Approach

We define credit risk as the group's exposure to the risk that it might incur losses because of a decline in, or total loss of, the value of assets (including off-balance sheet assets) as a result of deterioration in a counterparty's financial position. The group has already established the methods and structures necessary for grasping and managing credit risk, which has become increasingly complex because of financial deregulation, internationalization and the growing sophistication of transactions.

We have adopted two different but mutually complementary approaches toward credit risk management. The first of these is to curb losses arising from the emergence of credit risk by controlling the entire process for each individual transaction, from granting the credit through to recovery, on the basis of assessments of the credit standings of the counterparties involved. This first approach is primarily the responsibility of the core group companies. The second is to manage the entire portfolio using statistical methods to measure the potential for credit risk in order to grasp the existence and scale of credit risk in a timely and accurate manner. This second approach is the responsibility of the core group companies as well as MHFG, which has group-wide accountability.

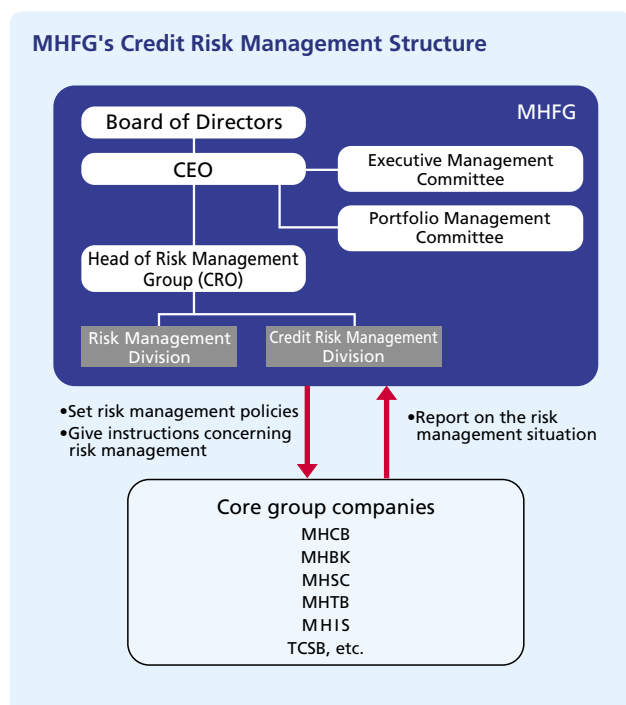
### Credit Risk Management Structure

The Board of Directors of MHFG determines the most important matters pertaining to credit risk in accordance with the Basic Policy for Credit Risk Management. In addition, the Portfolio Management Committee was established as one of our business policy committees to discuss and coordinate overall credit portfolio management for MHFG. The Chief Risk Officer (CRO) is responsible for the Risk Management Division and the Credit Risk Management Division, which jointly formulate and execute plans in connection with basic matters relating to credit risk management.

MHFG's uniform Basic Policy for Credit Risk Management sets the guidelines for core group companies to manage their credit risk in accordance with the scale and nature of their exposures, and for each company's Board of Directors to determine key matters pertaining to credit risk.

MHCB and MHBK (the Two Banks) have each established the Portfolio Management Committee and the Credit Review Committee as business policy committees for managing credit risk, and members of these committees discuss and coordinate overall management of individual credit portfolios and transaction policies towards borrowers. To jointly formulate and execute plans in connection with basic matters relating to credit risk management, the Credit Risk Management Divisions and the Risk Management Divisions have been established under the senior executives responsible for the Risk Management Groups at each of the Two Banks, with the functions of managing credit exposures and measuring and monitoring credit risk. Individual credit examination divisions approve individual transactions through lines of authority that conform to the above-mentioned basic policies. To provide checks and balances, the two banks have also established Credit Review Divisions to function as internal auditors that are independent of the business divisions.

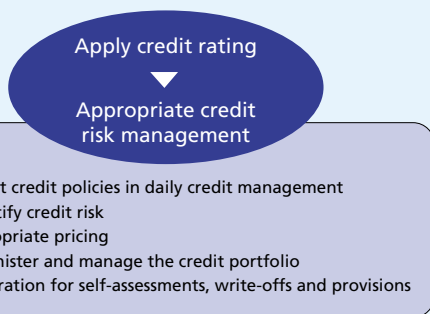
One of the most important elements of the Two Banks' risk management infrastructure is the use of a 16-grade unified credit rating system. In principle, credit ratings apply to all borrowers and are subject to regular reviews at least once a year to promptly reflect their term-end corporate results, as well as special reviews as required whenever a borrower's credit standing changes. This enables us to monitor both individual borrowers and the status of the overall portfolio in a timely fashion. Since we consider credit ratings to be a primary phase of the self-assessment process described on the next page, they are linked to the obligor classifications used in self-assessment of assets.



**Connection between Credit Ratings, Definition of Obligor Classifications of Self-Assessments, Claims Disclosed under the FRL and Non-Accrual, Past Due & Restructured Loans**

Definition of Obligor Classifications of Self-Assessment	Credit Ratings (Major Category)	Definition of Ratings	Claims Disclosed under the FRL	Non-Accrual, Past Due & Restructured Loans
Normal Obligors	A	Obligors whose certainty of debt fulfillment is very high, hence their level of credit risk is excellent.	Normal Claims	
	B	Obligors whose certainty of debt fulfillment poses no problems for the foreseeable future, hence their level of credit risk is sufficient.		
	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 Obligors	E	Obligors who require close watching going forward because there are problems with their borrowings, such as reduced or suspended interest payments, problems with fulfillment such as de facto postponements of principal or interest payments, or problems with their financial positions as a result of their poor or unstable business conditions.	Claims for Special Attention	Restructured Loans
				Loans Past Due for 3 Months or More
Intensive Control Obligors	F	Obligors who are not yet bankrupt but are in financial difficulties and are deemed to be very likely to go bankrupt in the future because they are finding it difficult to make progress in implementing their management improvement plans (including obligors who are receiving ongoing support from financial institutions).	Claims with Collection Risk	Non-Accrual Delinquent Loans
Substantially Bankrupt Obligors	G	Obligors who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious financial difficulties and are not deemed to be capable of restructuring.	Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	
Bankrupt Obligors	H	Obligors who have already gone bankrupt, from both a legal and/or formal perspective.		Loans to Bankrupt Obligors

**Aims and Application of Credit Ratings**



Self-assessment of assets is used to ascertain the status of assets for both credit risk management and preparations for making the appropriate write-offs and provisions based on corporate accounting principles. Specifically, the Credit Risk Management Division under the oversight of the senior executive officer responsible for risk management is in charge of overall control of self-assessment of assets, cooperating with the administration divisions specified for each type of asset, including loan portfolios and securities in executing and managing self-assessments. This results in a structure that allows

the group to identify and control the actual quality of assets.

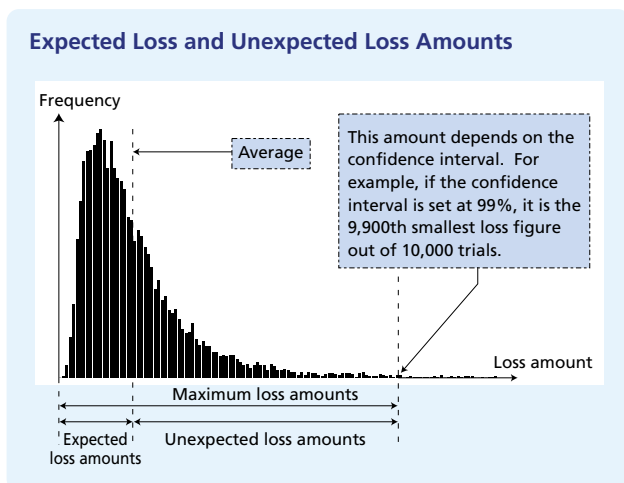
The two banks thus use the unified credit rating system and credit risk measurement tools to ascertain and monitor the status of their portfolios. They are also improving their credit decisions and post-transaction management functions by examining individual transactions from these viewpoints, providing internal audits and risk management guidance to individual business promotion offices. MHTB and MHSC follow credit risk management procedures that suit the characteristics of their respective business sectors.

**Portfolio Management Structure**

Portfolio-based credit risk management uses statistical methods to calculate the possibility that our credit portfolio may generate bad debt losses. There are two key figures: “expected loss” is the average amount of loss forecast for the next 12 months; “unexpected loss” is the maximum excess amount in the case where losses exceed the expected loss.

“Expected loss” should be covered out of profits on credit transactions, and is used as a reference value when setting transaction guidelines. “Unexpected loss” should be covered

out of total capital when it actually materializes. The credit portfolio, therefore, is monitored from various angles to ensure that unexpected losses are kept within the level of the allocated risk capital, and limits are applied to the portfolio where necessary.



The Two Banks recognize two types of risk arising from allowing too large a proportion of overall credit risk to be allocated in certain areas. One type is “credit concentration risk,” which stems from granting too much to certain individual counterparties; the other type is the “chain reaction default risk,” which stems from granting too much credit to certain corporate groupings, industrial sectors, etc. For these reasons, they have established “individual company ratings-based credit guidelines” to control credit concentration risk, and “corporate group-based credit guidelines,” “geographical area/country-based credit guidelines” (MHCB only) and “industrial sector-based credit guidelines” to deal with chain reaction default risk. Adherence to these guidelines creates a structure for managing overall credit portfolio risk arising from credit concentration in individual companies on the one hand, and from simultaneous chain reaction defaults arising from credit concentration in certain corporate groupings or geographical areas/countries on the other, making it possible to control total credit risk more effectively within the level of allocated risk capital. Business Policy Committees monitor the implementation of these various guidelines.

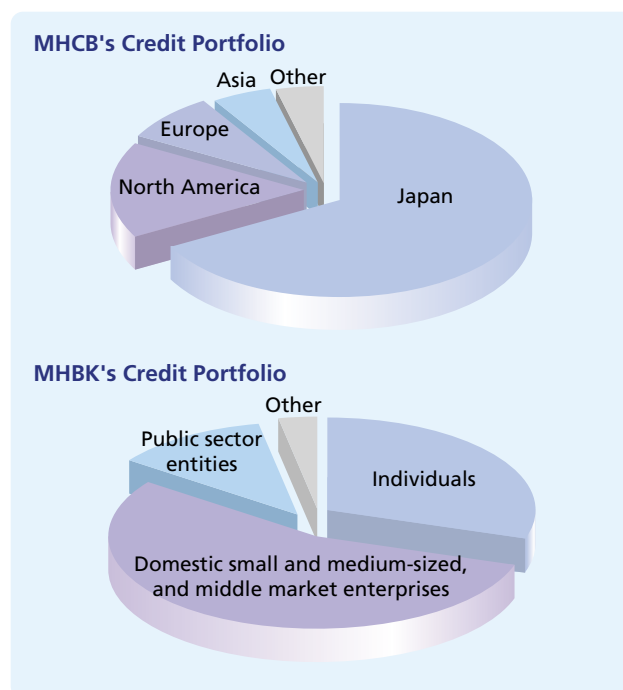
MHCB is also working to reduce expected losses while simultaneously striving to improve its overall capital efficiency, profitability and shareholder value by utilizing financial technology, and engaging in active portfolio management involving strategic acquisitions and sales of assets.

MHBK’s portfolios are diversified among relatively small

accounts centered on individuals, small and medium-sized, and middle market enterprises, public sector entities and other customers in Japan. In addition to its efforts to reduce expected losses, it aims to exploit these features of its portfolios to realize portfolio management that raises its overall capital efficiency and ultimately leads to higher profitability and shareholder value while keeping a sharp eye on the potential for unexpected losses.

Both banks are making strenuous efforts to enhance their credit risk management structures, which underpin these efforts.

MHSC’s credit risk management regime consists of setting credit limits for each product according to each customer’s creditworthiness and ensuring that these limits are complied with. Claims (replacement cost) are also monitored to ascertain the impact of price fluctuations, etc., on the value of transacted assets. Internal ratings for judging the creditworthiness of customers are established on the basis of quantitative and qualitative analyses and reviewed periodically. To ensure appropriate management of its portfolios, MHTB bases its operations on the “individual company ratings-based credit guidelines” it has established to control credit concentration in certain companies while simultaneously endeavoring to reduce expected losses. Internal ratings for judging the creditworthiness of customers are derived from quantitative and qualitative analyses of actual results and subjected to periodic reviews.



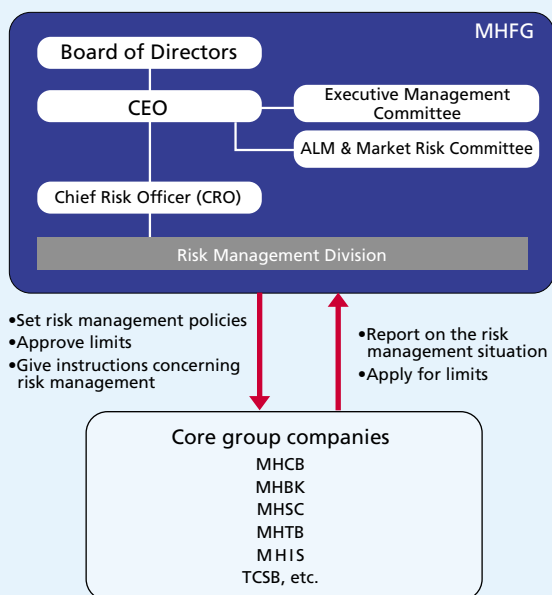
## Market and Liquidity Risk Management

### Basic Approach

We define market risk as the risk that the group could incur losses because of changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion, or loss arising from transactions at prices that are significantly less favorable than usual (market liquidity risk). We define liquidity risk as the risk of losses arising when the group faces funding difficulties because deterioration in its financial position makes it difficult to raise the necessary funds, or when it is forced to procure funds at much higher interest rates than usual.

MHFG manages market and liquidity risk for the group as a whole. More specifically, MHFG formulates the Basic Policies for Market and Liquidity Risk Management for the entire group, and the core group companies follow these policies in managing risk for themselves. This system also allows MHFG to monitor and manage the overall market and liquidity risk management profile for the group.

### MHFG's Market and Liquidity Risk Management Structure



### Market Risk Management Structure

MHFG's Board of Directors determines key matters pertaining to market risk management policies. The CEO has overall control of market risk management. The ALM & Market Risk Committee is responsible for overall discussion and coordination of market risk management. Specifically, the committee discusses and coordinates matters relating to basic ALM policies, risk planning, fund procurement and asset management, and market risk management, proposing responses to emergencies such as sudden market changes. The CRO is responsible for matters relating to market risk management planning and operations. The Risk Management Division is responsible for monitoring market risk, reports and analyses, proposals, and setting limits and guidelines, and for formulating and implementing plans relating to market risk management.

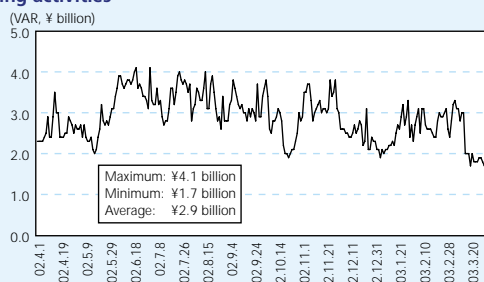
MHFG's Risk Management Division receives necessary data and reports on the status of market risk, including compliance with risk limits, from core group companies. This information enables it to obtain a solid grasp of the market risk management situation. Depending on the status and characteristics of the risk exposures of core group companies, the division submits reports to the CEO on a daily basis and to the Board of Directors and the Executive Management Committee on a regular basis.

We manage market risk using Value at Risk (VAR) as our principal measuring tool, supplementing it with stress testing. In fiscal 2002, VAR on trading activities averaged ¥2.9 billion (confidence interval: one-tailed 99.0%; holding period: one day), ranging from a minimum of ¥1.7 billion to a maximum of ¥4.1 billion. VAR on banking activities (excluding cross shareholdings) averaged ¥209.0 billion (confidence interval: one-tailed 99.0%; holding period: one month), ranging from a minimum of ¥177.6 billion to a maximum of ¥238.9 billion.

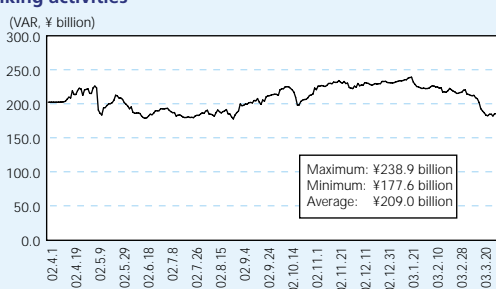
With regard to interest rate risk, which constitutes the main form of market risk in the group's market activities, we conduct interest rate sensitivity analyses as well as VAR measurements. The table on the next page depicts the interest rate sensitivity of yen currency banking operations, by maturity, as of the end of fiscal 2002. Interest rate sensitivity (10BPV) shows how much net present value varies when interest rates rise by 10 basis points (0.1%). We can, therefore, judge the impact of interest rate movements on net present value more accurately even when short- and long-term interest rates behave differently.

## VAR for MHFG in the Fiscal Year ended March 31, 2003.

### Trading activities



### Banking activities



## MHFG's Fiscal 2002 Interest Rate Sensitivity by Maturity

At March 31, 2003 (Billions of yen)

	1 year or less	Over 1 year, up to and including 5 years	Over 5 years	Total
Interest rate sensitivity (10BPV)	(2)	(52)	(40)	(94)

To manage market risk, limits that correspond to risk capital allocations are set as necessary according to the risk profiles of the core group companies. For trading activities, limits are set for VAR and for losses. For non-trading activities such as banking operations, limits are set for VAR and for losses where necessary. Position limits based on interest rate sensitivity are also set as needed.

These limits are discussed and coordinated by the ALM & Market Risk Management Committee, discussed further by the Executive Management Committee, then determined by the CEO. At each stage, various factors are taken into account, including business strategies, historical limit usage ratios, risk-bearing capacity (profits, total capital and risk management systems), profit targets and the market liquidity of the products involved.

Of the core group companies, those that account for most of the group's exposure to market risk (MHCB, MHBK, MHSC

and MHTB) have formulated their basic policies in line with MHFG's Basic Policy for Market Risk Management. Their Boards of Directors determine important matters relating to market risk management while their CEOs take charge of controlling market risk management. The ALM & Market Risk Management Committee is the business policy committee responsible for overall discussion and coordination of market risk management. Specifically, the committee discusses and coordinates matters relating to basic ALM policies, risk planning, fund procurement and asset management, and market risk management, proposing responses to emergencies such as sudden market changes. The CRO is responsible for matters pertaining to planning and running market risk management.

Based on a common group risk capital allocation framework, the above-mentioned companies manage market risk by setting limits according to the risk capital allocated to market risk.

These companies have established specialist market risk management divisions to provide integrated, company-wide monitoring of market risk according to its scale and nature, submit reports, analyses and proposals, set limits, and formulate and implement plans relating to market risk management. The risk management division of each company submits reports on the status of market risk management, including VAR, positions, profit and loss, to the CEO and top management on a daily basis, and to the Board of Directors and Executive Management Committee on a regular basis. They also provide regular reports to MHFG. With regard to market operations, they have established middle offices—specialized risk management sections—that are independent of their front offices, which engage in market transactions, and their back offices, which are responsible for book entries and settlements. When VAR is not enough to manage and control risk on its own, specialist market risk management divisions manage it with additional market risk information and tools. For example, we set limits on risk sensitivities such as Basis Point Value (BPV), carry out stress tests, and set stop loss limits according to the scale and characteristics of market business and activities of each division. In this way, the core group companies accounting for most of the group's exposure to market risk have established effective organizational structures for segregation of duties of related sections and allowing effective checks and balances to come into play.

Of the various kinds of market risk, we monitor our market liquidity risk positions (see Basic Approach above for explanation) for individual financial products in the market while taking turnover and other factors into consideration.



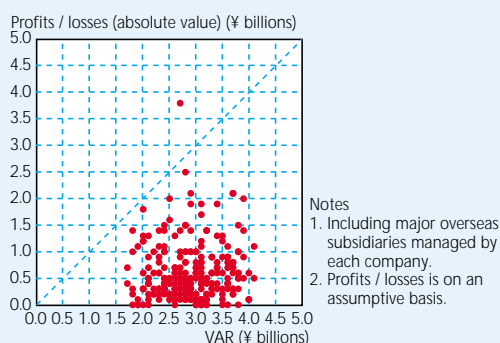
## Back Testing

In order to confirm the effectiveness of market risk measurements using VAR, MHFG carries out regular back tests to compare VAR and profits/losses.

The graph below depicts daily VAR on trading activities in fiscal 2002, and the corresponding paired distribution of profits and losses. The points in the area above the diagonal line on the graph (the upper left hand section) indicate where profits/losses exceed VAR.

There was one case where profits/losses exceeded VAR during the period, yielding an excess rate of 0.4%. We believe this confirms that our internal models are sufficiently accurate in measuring our group's market risk exposure.

### Fiscal 2002 Back Testing



## Stress Testing

As a market risk measurement method, VAR is based on statistical assumptions. For this reason, we carry out stress testing to simulate the levels of losses that could be incurred in cases where the market moves suddenly to levels that exceed these assumptions.

The stress testing methods we use include one method that calculates losses on the basis of the largest fluctuations that occurred during a period longer than ten years, and another that calculates losses on the basis of market fluctuations occurring during historical market events.

The table below shows the results of stress testing of trading activities at the end of fiscal 2002.

### Fiscal 2002 Stress Testing

At March 25, 2003 (Billions of yen)

Assumed maximum losses	
Worst scenario (the largest fluctuations during a period longer than ten years)	18

## Liquidity Risk Management Structure

MHFG's liquidity risk management structure is fundamentally the same as the market risk management structure described

above. However, the head of the Financial Control & Accounting Group of MHFG is additionally responsible for matters relating to planning and running cash flow management operations, while the ALM and Trading Planning Division is responsible for monitoring and adjusting the cash flow management situation and for planning and implementing cash flow management. Reports on the cash flow situation are submitted to the ALM & Market Risk Committee, the Executive Management Committee and the CEO, both regularly and as required.

MHFG measures liquidity risk using indices pertaining to cash flow such as limits on funds raised in the market. Limits on liquidity risk are discussed and coordinated by the ALM & Market Risk Committee, discussed further by the Executive Management Committee, then determined by the CEO.

MHFG's basic policy has established classifications for the cash flow conditions affecting the group, ranging from "normal" to "cause for concern" and "critical," and has laid down response procedures for dealing with cases where they are deemed to fall into the "cause for concern" or "critical" categories.

Of the core group companies, the liquidity risk management structures of MHCB, MHBK, MHSC and MHTB are basically the same as the aforementioned market risk management structures, but the senior executives responsible for risk management are responsible for matters pertaining to planning and running liquidity risk management, while the senior executives of the ALM and trading units are in charge of matters pertaining to planning and running cash flow management.

The methodologies used for ensuring precise control of liquidity risk include the formulation of indices pertaining to cash flow management, such as limits on funds raised in the market. The abovementioned companies, like MHFG, have established classifications for the cash flow conditions affecting them, ranging from "normal" to "cause for concern" and "critical," and have laid down response procedures for dealing with cases where they are deemed to fall into the "cause for concern" or "critical" categories.

Each company has adopted stringent controls that call for the submission of reports on liquidity risk management and cash flow management to the ALM & Market Risk Management Committee and other business policy committees, the Executive Management Committee and the CEO both on a regular basis and as deemed necessary. They also provide regular reports to MHFG.

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## Operational Risk Management

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### Basic Approach

We define operational risk as the risk of loss that our group may incur resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes operations risk, IT risk and legal risk.

The need to manage these risks across the entire group through quantification methods becomes increasingly urgent with each passing year as a result of the growing sophistication and diversity of financial operations and progress in computerization.

From the same standpoint, the Basel Committee on Banking Supervision is currently working toward the introduction in 2006 of new BIS rules, which will include operational risk as well as market and credit risk within capital adequacy guidelines.

We are participating in the international forum on new BIS rules, and are proactively pursuing more sophisticated operational risk management across the entire group.

### Operational Risk Management Structure

We have developed a risk management structure, whereby MHFG draws up the Basic Policy for Operational Risk Management for use by the entire group, and the core group companies in turn set out their own basic policies for operational risk management as required based on MHFG's basic policy to manage their own risk and those of their group companies.

At MHFG, the Risk Management Division is responsible for quantitative risk management while the Operations Planning, the IT Systems & Planning, and the Legal Affairs Divisions are responsible for qualitative management of each specific risk. They are also working closely together to promote operational risk management for the entire group.

At MHC, MHBK, MHSC, and MHTB, these divisions are also working together in the same structure to manage operational risk by data gathering, monitoring risk profiles, and analyzing the causes of each specific risk, and proposing and implementing measures for mitigating risk.

To enhance the sophistication of operational risk management, it is important to identify the scale of operational risk in a timely and accurate manner, and adopt appropriate measures to mitigate risk as required.

Recognizing the need to build a quantitative operational risk management structure, MHFG, MHC and MHBK have laid down rules for data gathering, and in addition to

developing a common loss database for the entire group, are measuring operational risk by selecting quantification models.

We think operational risk should be covered by capital accounts when it realizes into losses, and we are regularly monitoring operational risk to ascertain whether it is kept within the level of the allocated risk capital.

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## Management of Other Risks

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### Operations Risk Management

Operations risk is the risk of incurring losses because senior executives or employees fail to fulfill their tasks properly, cause accidents or act improperly.

We are well aware that this kind of risk has a direct impact on services to customers. We are also aware that we bear a great responsibility towards society because each time something like this happens, it can easily cause major losses for all concerned. For this reason, we are working hard to build a management structure that is more attuned to the situation.

MHFG has drawn up the Basic Policy for Operations Risk Management for use across the entire group, while the core group companies have, where necessary, set out their own policies for managing operations risk in conformance with MHFG's policy. Based on this, the core group companies report to MHFG on the status of risk management both regularly and as required under these policies. In this way, top management is able to obtain a rapid and accurate grasp of operations risk at group level, and thus devise effective measures for dealing with it.

The Basic Policies for Operations Risk Management adopted by the Two Banks stipulate their basic approach, which calls for grasping the status of operations risk, primarily by the Operations Planning Division and the Administrative Operations Division, thus establishing a framework for appropriate reductions in operations risk and promoting improvements. Specifically, clearly defined operational procedures for handling various types of activities have been established, while the status of operational processes is checked periodically. Progress is being made in strengthening operational guidance from head office in order to improve the operational expertise and capabilities of the personnel involved in operations and training managers. We are also reinforcing our computer center's processing functions by enhancing the range and capabilities of office equipment and moving ahead with computerization in order to ensure

speedy operational procedures that reduce human error to a minimum.

MHSC and MHTB follow operations risk management procedures that suit the characteristics of their respective business sectors.

## IT Risk Management

### • Dealing with IT Risk

IT risk is the risk of exposure to tangible or intangible losses arising from system defects such as failures, faults, or incompleteness in computer operations.

We are keenly aware that we bear a great responsibility towards society where IT risk is concerned, because such failures may threaten the basic infrastructure of our services to customers. We are, therefore, making every effort to ensure the stability of our IT operations and the protection and safety of informational assets relating to systems.

The IT Systems & Planning Division of MHFG monitors IT risk for the entire group in line with the Basic Policy for IT Risk Management drawn up by MHFG as the basis for our IT risk management framework. The head of the IT, Systems & Operations Group ascertains the sources, scale and nature of IT risk and, after overall assessment and monitoring, submits reports to the CEO and other members of top management who then address the management issues involved and work to resolve them.

In order to ensure the stability of IT operations, and the protection and safe use of informational assets relating to systems, as well as minimize possible loss, MHFG and the core group companies have laid down the Basic Policy for IT Risk Management and Security Policy in line with the group's unified basic policy, clarifying the basic IT risk management items that all senior executives and individual employees should observe, and ensuring their thoroughgoing compliance.

### • Measures to Deal with IT Risk

Following the computer systems problems in our domestic services at the time of the launching of MHCN and MHBK in April 2002, the Two Banks have been doing everything in their power to minimize IT risk.

- ① The Two Banks have instituted wide-ranging measures to prevent the recurrence of the problem by analyzing the causes of the systems problems that occurred at the time of the consolidation, reviewing development and operations structures and procedures, and conducting enhancement tests.
- ② The Two Banks have drawn up and implemented risk

mitigation measures that take into consideration the results of risk analyses concerning the development and operations of the hardware and software configurations of the systems currently in operation.

- ③ To prevent major malfunctions in newly developed systems, the Two Banks have implemented thoroughgoing project management for process and quality control.
- ④ In preparation for possible large-scale systems malfunctions arising from natural disasters and similar events, the Two Banks have instituted contingency plans to reduce their impact to the maximum extent possible, and hold regular drills.
- ⑤ The Two Banks have established firewalls and installed anti-virus software applications to protect their informational assets from the threat of cyber terrorism.

MHSC and MHTB follow IT risk management procedures that suit the characteristics of their respective business sectors.

The group's total strengths are dedicated to making these measures more effective, while at the management level progress in their implementation and establishment is monitored on a continuous basis.

## Legal Risk Management

We see legal risk as the risk of incurring tangible or intangible losses as a result of infringements of laws and regulations, concluding inappropriate contracts, and other legal factors.

While deregulation has resulted in considerable progress in liberalizing and diversifying the banking business, bank managements are also required to be fully accountable for their actions. In this environment, we recognize that legal risk management is an issue of key importance for managing the group, and the Legal Affairs Division of MHFG's Audit and Compliance Group is responsible for the basic planning and administration of legal risk management.

MHFG has drawn up the Basic Policy for Legal Risk Management that forms the foundations for the entire group. Legal risk management takes the form of legal checks in connection with management decisions, new products and new businesses. It also covers centralized management of legal information concerning the enactment, revision and abolition of legislation, as well as identifying and responding to legal risks such as litigation.

Each of the core group companies manages legal risk in accordance with MHFG's basic policy and submits applications and reports concerning prescribed matters to MHFG.

## Settlement Risk Management

Settlement risk is the risk of incurring losses because settlements are not executed according to schedule for some reason. It usually encompasses various kinds of risks, including credit risk, liquidity risk, operations risk and legal risk. In recent years, moreover, finding international solutions for Herstatt risk—the risk arising from time zone differences in international currency settlements—has attracted a great deal of attention.

We have adopted various methods for averting different types of settlement risk. We use netting procedures to reduce actual settlement amounts, Real-Time Gross Settlements (RTGS) to minimize the settlement time lag, and the Continuous Linked Settlement Bank (CLS) to cut settlement risk.

## Reputational Risk Management

Reputational risk is the risk of incurring tangible or intangible losses as a result of damage caused to the group's credibility or the Mizuho brand when market players learn about or the media reports various risk events that actually arise in connection with the group's operating activities, or false rumors or vicious slander.

MHFG has drawn up rules for managing information associated with reputational risk and manages this kind of risk throughout the entire group. Each of the core group companies draws up its own rules for managing information associated with reputational risk in line with MHFG's rules, and monitors and manages the sources, scale and status of reputational risk.

When MHFG and core group companies deem that certain information may have a serious impact on group management, MHFG requires the core group companies to submit timely reports as appropriate, managing the information on an integrated basis and devising suitable responses to minimize reputational risk.

## Internal Audit Structure

### Basic Approach

Internal audits are an integrated process for evaluating the extent to which internal control achieves its objectives in key areas—appropriate risk management, efficient and effective business operations, reliable financial reporting, and compliance with laws, regulations and internal rules. They are conducted from an objective and comprehensive standpoint, independently of operational reporting lines, and extend as far as offering advice, guidance and remedial recommendations in connection with any problems that may be uncovered.

Through this integrated process, internal audits assist the Boards of Directors of individual group companies in efficiently and effectively fulfilling their managerial duties under the self-responsibility principle.

### MHFG's Internal Audit Management Structure

In line with the Basic Policy for Internal Audit laid down by MHFG, the core group companies conduct internal audits, which include the auditing of their own subsidiaries. They also submit reports to MHFG on the results of internal audits and the status of follow-up steps to deal with problems. MHFG grasps and manages the status of conducting audits at the core group companies through examining above reports. The Internal Audit & Compliance Committee of MHFG discusses and makes decisions on the results of examinations and important matters pertaining to the group's internal audits. After it reaches decisions thereon, reports are submitted to the Board of Directors.

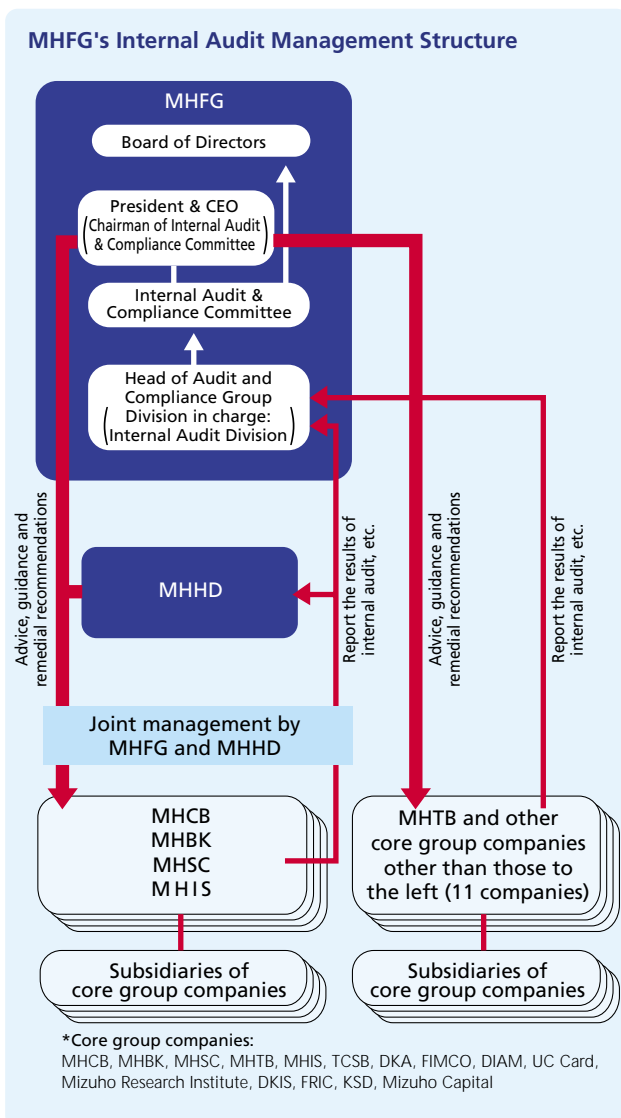
MHFD cooperates with MHFG in managing matters relating to internal audits at MHCB, MHBK, MHSC, MHIS and their group companies.

MHCB and MHBK have also established Internal Audit & Compliance Committees that are independent of business promotion divisions to ensure the independence of the internal audit divisions and provide checks and balances. Based on reports from the senior executives in charge of internal audit, the members of the respective Internal Audit & Compliance Committees discuss and reach decisions on matters relating to internal audits. After going through the Internal Audit & Compliance Committees, the results of audits and the status of follow-up steps to deal with problems are submitted to the Boards of Directors and to MHFG.

In addition, MHCB and MHBK have established the Internal Audit Divisions and the Credit Review Divisions as

internal audit divisions to carry out the audits at domestic and overseas business offices, head office divisions and group companies. Specifically, the Internal Audit Divisions assess the suitability and effectiveness of business activities associated with compliance and risk management. The Credit Review Divisions audit credit ratings and the status of credit management in addition to auditing self-assessment of assets, in order to verify the correctness and suitability of matters deemed necessary from the viewpoint of assuring the soundness of the assets in question.

MHSC, MHTB and other core group companies have also established effective and efficient internal audit structures that suit the characteristics of their respective business sectors.



(as of June 30, 2003)

## *Financial Analysis of Mizuho*

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Key Indicators of Mizuho Financial Group, Inc. 64

The Financial and Economic Environment 66

Results for the Fiscal Year ended March 31, 2003 68

Improvement of Asset Quality 80



## Key Indicators of Performance

The results for the fiscal year ended March 31, 2003 are for Mizuho Financial Group, Inc. The results for the fiscal year ended March 31, 2002 are for Mizuho Holdings, Inc.

### Consolidated

For the Fiscal Years ended March 31,	2003	2002
		Billions of yen
Total Income	¥ 3,441.8	¥ 5,315.5
Net Loss	(2,377.1)	(976.0)
Total Shareholders' Equity	2,861.0	4,731.4
Total Assets	134,032.7	151,312.4
Deposits	72,222.6	85,606.2
Debentures	11,696.3	15,310.8
Loans and Bills Discounted	69,210.0	84,593.6
Securities	23,816.5	24,108.9
Total Shareholders' Equity per Share (Yen) (Note 1)	(20,376.71)	295,093.14
Net Loss per Share (Yen) (Note 2)	(254,524.65)	(108,003.27)
Diluted Net Loss per Share (Yen) (Note 3)	—	—
Risk-based Capital Ratio (BIS Capital Ratio)	9.53%	10.56%
Net Return on Equity	(183.7)%	(28.8)%
PER (Times) (Note 3)	— x	— x
Cash Flows from Operating Activities	(2,196.1)	6,776.4
Cash Flows from Investing Activities	(206.3)	1,530.7
Cash Flows from Financing Activities	(394.0)	(697.4)
Cash and Cash Equivalent at the End of the Year	7,048.5	9,847.3

Notes: 1. Total Shareholders' Equity per Share for the fiscal year ended March 31, 2003: (Total Shareholders' Equity – Shares of Preferred Stock x Issued Value – Cash Dividends Declared (Preferred Stock)) / Shares of Common Stock (excluding Treasury Stock).

Total Shareholders' Equity per Share for the fiscal year ended March 31, 2002: (Total Shareholders' Equity – Shares of Preferred Stock x Issued Value) / Shares of Common Stock (excluding Treasury Stock).

2. Net Loss per Share: (Net Loss – Cash Dividends Declared (Preferred Stock)) / Average Outstanding Shares of Common Stock (excluding Treasury Stock).

3. "Diluted Net Loss per Share" and "PER" for the fiscal years ended March 31, 2003 and 2002 are not required to be disclosed due to loss positions.

## Non-Consolidated

Billions of yen

For the Fiscal Years ended March 31	2003	2002																																														
Operating Income	¥ 0.9	¥ 123.0																																														
Net Income	0.0	98.5																																														
Common Stock and Preferred Stock	1,540.9	2,572.0																																														
Number of Shares Issued and Outstanding	<table border="0"> <tr> <td>Common Shares</td> <td>10,582,426.71 shares</td> </tr> <tr> <td>First Series Class I Preferred Shares</td> <td>33,000 shares</td> </tr> <tr> <td>Second Series Class II Preferred Shares</td> <td>100,000 shares</td> </tr> <tr> <td>Third Series Class III Preferred Shares</td> <td>100,000 shares</td> </tr> <tr> <td>Fourth Series Class IV Preferred Shares</td> <td>150,000 shares</td> </tr> <tr> <td>Sixth Series Class VI Preferred Shares</td> <td>150,000 shares</td> </tr> <tr> <td>Seventh Series Class VII Preferred Shares</td> <td>125,000 shares</td> </tr> <tr> <td>Eighth Series Class VIII Preferred Shares</td> <td>125,000 shares</td> </tr> <tr> <td>Ninth Series Class IX Preferred Shares</td> <td>140,000 shares</td> </tr> <tr> <td>Tenth Series Class X Preferred Shares</td> <td>140,000 shares</td> </tr> <tr> <td>Eleventh Series Class XI Preferred Shares</td> <td>943,740 shares</td> </tr> <tr> <td>Twelfth Series Class XI Preferred Shares</td> <td>101,500 shares</td> </tr> <tr> <td>Thirteenth Series Class XIII Preferred Shares</td> <td>36,690 shares</td> </tr> </table>	Common Shares	10,582,426.71 shares	First Series Class I Preferred Shares	33,000 shares	Second Series Class II Preferred Shares	100,000 shares	Third Series Class III Preferred Shares	100,000 shares	Fourth Series Class IV Preferred Shares	150,000 shares	Sixth Series Class VI Preferred Shares	150,000 shares	Seventh Series Class VII Preferred Shares	125,000 shares	Eighth Series Class VIII Preferred Shares	125,000 shares	Ninth Series Class IX Preferred Shares	140,000 shares	Tenth Series Class X Preferred Shares	140,000 shares	Eleventh Series Class XI Preferred Shares	943,740 shares	Twelfth Series Class XI Preferred Shares	101,500 shares	Thirteenth Series Class XIII Preferred Shares	36,690 shares	<table border="0"> <tr> <td>Common Shares</td> <td>9,430,250.71 shares</td> </tr> <tr> <td>First Series Class I Preferred Shares</td> <td>33,000 shares</td> </tr> <tr> <td>Second Series Class II Preferred Shares</td> <td>100,000 shares</td> </tr> <tr> <td>Third Series Class III Preferred Shares</td> <td>100,000 shares</td> </tr> <tr> <td>Fourth Series Class IV Preferred Shares</td> <td>150,000 shares</td> </tr> <tr> <td>Sixth Series Class VI Preferred Shares</td> <td>150,000 shares</td> </tr> <tr> <td>Seventh Series Class VII Preferred Shares</td> <td>125,000 shares</td> </tr> <tr> <td>Eighth Series Class VIII Preferred Shares</td> <td>125,000 shares</td> </tr> <tr> <td>Ninth Series Class IX Preferred Shares</td> <td>140,000 shares</td> </tr> <tr> <td>Tenth Series Class X Preferred Shares</td> <td>140,000 shares</td> </tr> </table>	Common Shares	9,430,250.71 shares	First Series Class I Preferred Shares	33,000 shares	Second Series Class II Preferred Shares	100,000 shares	Third Series Class III Preferred Shares	100,000 shares	Fourth Series Class IV Preferred Shares	150,000 shares	Sixth Series Class VI Preferred Shares	150,000 shares	Seventh Series Class VII Preferred Shares	125,000 shares	Eighth Series Class VIII Preferred Shares	125,000 shares	Ninth Series Class IX Preferred Shares	140,000 shares	Tenth Series Class X Preferred Shares	140,000 shares
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Total Shareholders' Equity	3,545.8	6,616.4																																														
Total Assets	3,595.6	7,467.7																																														
Total Shareholders' Equity per Share (Yen) <sup>(Note 1)</sup>	46,568.86	494,962.03																																														
Dividend per Share of Common Stock	Common Shares	Common Shares																																														
(Interim dividends per share) (Yen)	—	3,500																																														
	First Series Class I Preferred Shares	22,500																																														
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Net Income (Loss) per Share of Common Stock (Yen) <sup>(Note 2)</sup>	(8,663.01)	8,286.55																																														
Diluted Net Income per Share (Yen) <sup>(Note 3)</sup>	—	8,161.61																																														
PER (Times) <sup>(Note 3)</sup>	—	36.44 x																																														
Dividend Propensity <sup>(Note 4)</sup>	—	43.09%																																														

Notes: 1. Total Shareholders' Equity per Share for the fiscal year ended March 31, 2003: (Total Shareholders' Equity – Shares of Preferred Stock x Issued Value – Cash Dividends Declared (Preferred Stock)) / Shares of Common Stock (excluding Treasury Stock).

Total Shareholders' Equity per Share for the fiscal year ended March 31, 2002: (Total Shareholders' Equity – Shares of Preferred Stock x Issued Value) / Shares of Common Stock (excluding Treasury Stock).

2. Net Income (Loss) per Share: (Net Income (Loss) – Cash Dividends Declared (Preferred Stock)) / Average Outstanding Shares of Common Stock (excluding Treasury Stock).

3. "Diluted Net Loss per Share" and "PER" for the fiscal year ended March 31, 2003 are not required to be disclosed due to loss positions.

4. Dividend Propensity: Cash Dividends Declared (Common Stock) / (Net Income – Cash Dividends Declared (Preferred Stock)). The Dividend Propensity for the fiscal year ended March 31, 2003 is not required to be disclosed because dividends for common stocks were not declared.

## ● The Financial and Economic Environment

### The Economic Conditions in Japan and Overseas

Looking at global economic conditions in the fiscal year ended March 31, 2003, the U.S. economy experienced a slight downturn as growing signs of a deceleration in consumer spending and industrial production emerged through the second half of the year. In Europe, the economy was stagnant in the face of a continuing decline in capital expenditures and a dramatic slowdown in growth in consumer spending. In contrast, the Asian economy continued to recover due to the growth in exports. Overall, the global economy was on a gentle recovery trend but the rising tension over the situation in Iraq through the fiscal year-end led to a growing sense of stagnation.

In Japan, increase in exports and other factors helped the economy on to an external demand-led recovery path through the first half, but domestic demand failed to recover under the pressures of prolonged deflation. As a result, corporate sales declined and capital expenditures remained at a low level. After the year-end, the outlook for the economy became more uncertain as consumer spending lost momentum because of the deteriorating incomes and employment environment.

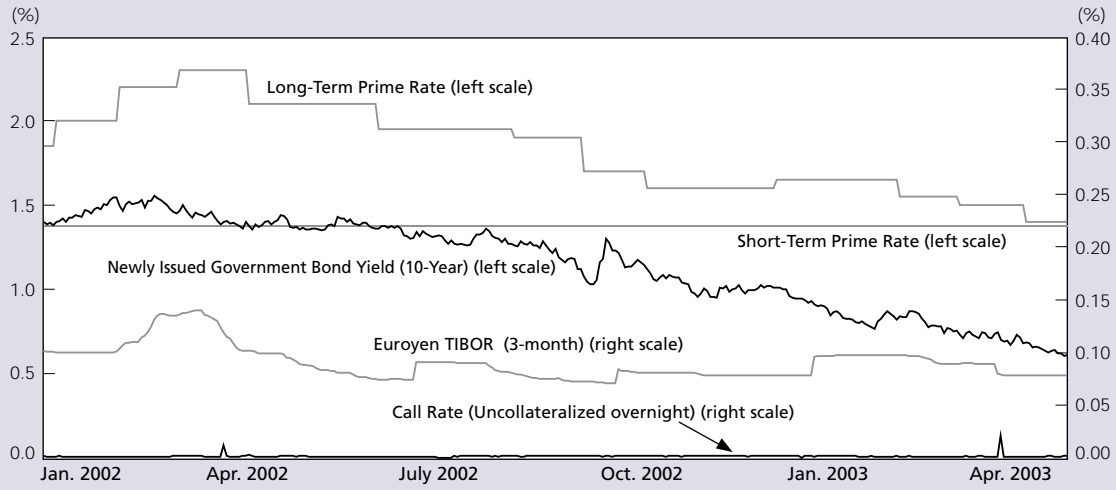
In light of these economic environments, the Bank of Japan (BOJ) loosened monetary policy further in October 2002, and took steps to facilitate corporate finances in December 2002. Meanwhile, the government decided "Comprehensive Measures to Accelerate Reforms" in October 2002 in order to accelerate its structural reforms while alleviating their deflationary impact.

### The Financial Sector

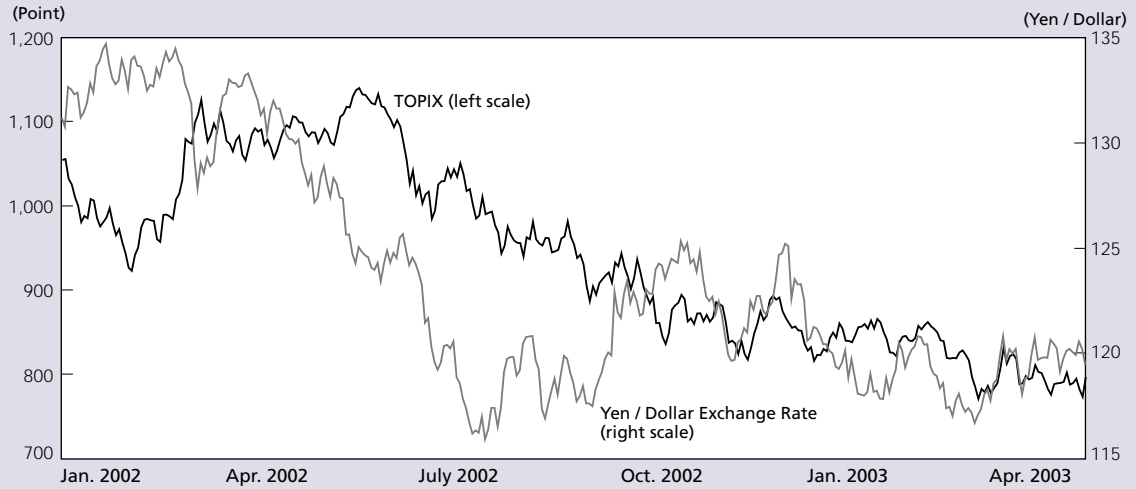
Looking back at the financial markets in fiscal 2002, long-term rates declined consistently to reach historical lows. Since stock prices also continued to fall in the first half of fiscal 2002, the BOJ began outright purchases of bank stockholdings in November 2002, and the Financial Services Agency initiated measures to ensure appropriate operation of the stock market in March 2003. However, since stock markets around the world remained weak, stock prices in Japan remained at their lowest levels since the economic bubble burst. As for the foreign exchange market, the yen appreciated rapidly against the dollar in the beginning of the fiscal year; it moved within the range of ¥115-125 thereafter.

In October 2002, the government decided to postpone the complete abolition of the blanket deposit insurance and launched the "Program for Financial Revival" to promote an early resolution of the major banks' non-performing loan (NPL) problems. Because of the growing awareness of the need to promote financial revival and corporate and industrial revitalization as a single package, the government adopted several new measures, including the establishment of the Industrial Revitalization Corporation of Japan. Under the severe business environment marked by sluggish stock markets and consistently high corporate bankruptcy levels, expediting final disposals of NPLs and dramatically strengthening management infrastructures are becoming matters of extreme importance and urgency for financial institutions.

### Trends in Interest Rates in Japan



### Trends in TOPIX and Yen / Dollar Exchange Rate



## Results for the Fiscal Year ended March 31, 2003

## Consolidated Accounts

The consolidated results for the fiscal year ended March 31, 2003 are for Mizuho Financial Group, Inc. The consolidated results for the fiscal year ended March 31, 2002 are for Mizuho Holdings, Inc.

### 1. Scope of Consolidation and Application of the Equity Method

At March 31,	2003	2002	Change
Number of consolidated subsidiaries	138	171	(33)
Number of affiliates accounted for under the equity method	33	30	3

The group's consolidated subsidiaries decreased by 33 to 138, and the number of affiliates accounted for under the equity method increased by 3 to 33 from the end of the previous fiscal year. The major consolidated subsidiaries are Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd., Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. The major affiliates accounted for under the equity method are The Chiba Kogyo Bank, Ltd. and Shinko Securities Co., Ltd.

### 2. Consolidated Profits and Losses

For the Fiscal Years ended March 31,	2003	2002	Change
<b>Consolidated Gross Profits</b>	<b>¥ 2,233.6</b>	<b>¥ 2,462.0</b>	<b>¥ (228.3)</b>
Net Interest Income	1,256.3	1,527.6	(271.2)
Net Fiduciary Income	55.4	54.4	1.0
Net Fee and Commission Income	410.5	501.0	(90.5)
Net Trading Income	244.5	178.8	65.6
Net Other Operating Income	266.7	199.9	66.7
General and Administrative Expenses	1,237.6	1,368.2	(130.5)
Credit-related Costs	2,092.3	2,487.6	(395.3)
Net Gains (Losses) related to Stocks and Other Securities	(924.9)	116.7	(1,041.6)
Equity in Losses from Investment in Affiliates	(3.4)	(6.7)	3.2
Other	(237.3)	(141.2)	(96.1)
Loss before Income Taxes and Minority Interests	(2,262.1)	(1,425.1)	(837.0)
Income Taxes—Current	22.2	110.4	(88.2)
Income Taxes—Deferred	30.5	(545.9)	576.4
Minority Interests in Net Income (Loss)	62.2	(13.7)	75.9
<b>Net Loss</b>	<b>(2,377.1)</b>	<b>(976.0)</b>	<b>(1,401.1)</b>
<b>Net Loss per Share of Common Stock (Yen)</b>	<b>¥ (254,524.65)</b>	<b>¥ (108,003.27)</b>	<b>¥ (146,521.38)</b>

Notes: 1. Consolidated Gross Profits: Net Interest Income + Net Fiduciary Income + Net Fee and Commission Income + Net Trading Income + Net Other Operating Income.

2. Credit-related Costs = Expenses related to Portfolio Problems + Provision for General Reserve for Possible Losses on Loans.

#### (1) Consolidated Gross Profits

Consolidated Gross Profits decreased by ¥228.3 billion to ¥2,233.6 billion in comparison with the previous fiscal year.

Net Interest Income decreased by ¥271.2 billion to ¥1,256.3 billion, as a result of the continuing low domestic demand for capital, and other factors.

Net Fiduciary Income increased by ¥1.0 billion to ¥55.4 billion.

Net Fee and Commission Income declined by ¥90.5 billion to ¥410.5 billion.

Because of a rise in net gains on trading securities and derivatives, Net Trading Income increased by ¥65.6 billion to ¥244.5 billion.

Net Other Operating Income increased by ¥66.7 billion to ¥266.7 billion.

#### (2) General and Administrative Expenses

General and Administrative Expenses decreased by ¥130.5 billion from the previous fiscal year to ¥1,237.6 billion.

### (3) Credit-related Costs

The strictest financial provisions continued from the previous fiscal year, including acceleration of final disposal of non-performing loans (NPLs) and an increase in the reserve ratio. As a result, Credit-related Costs decreased by ¥395.3 billion to ¥2,092.3 billion.

### (4) Net Gains (Losses) Related to Stocks and Other Securities

As a result of a significant reduction in exposure to stockholdings through the sale of stocks and conservative devaluation of shares, Net Gains (Losses) Related to Stocks and Other Securities changed by ¥1,041.6 billion to a loss of ¥924.9 billion.

### (5) Net Income (Loss)

As a result of the above, Loss before Income Taxes and Minority Interests amounted to ¥2,262.1 billion.

Net Loss increased by ¥1,401.1 billion to ¥2,377.1 billion after reflecting Income Taxes—Current, Income Taxes—Deferred and Minority Interests in Net Loss in Loss before Income Taxes and Minority Interests.

### Use and Source of Funds

For the Fiscal Years ended March 31,	Average balance			Yield			Billions of yen
	2003	2002	Change	2003	2002	Change	
<b>Use of Funds</b>	<b>¥ 125,177.1</b>	<b>¥ 130,664.1</b>	<b>¥ (5,486.9)</b>	<b>1.59%</b>	<b>2.31%</b>	<b>(0.72)%</b>	
Due from Banks	5,506.9	3,724.3	1,782.5	0.77	2.84	(2.06)	
Call Loans and Bills Purchased	5,867.1	1,886.3	3,980.8	0.19	0.88	(0.69)	
Receivables under Resale Agreements	4,234.6	3,265.7	968.8	2.69	8.01	(5.32)	
Guarantee Deposit Paid under Securities Borrowing Transactions	2,846.6	—	2,846.6	0.02	—	0.02	
Securities	25,456.0	30,046.6	(4,590.5)	1.36	1.71	(0.35)	
Loans and Bills Discounted	77,957.3	88,835.8	(10,878.5)	1.83	2.31	(0.47)	
<b>Source of Funds</b>	<b>¥ 126,911.2</b>	<b>¥ 126,610.8</b>	<b>¥ 300.3</b>	<b>0.57%</b>	<b>1.17%</b>	<b>(0.59)%</b>	
Deposits	79,247.3	81,877.5	(2,630.1)	0.24	0.61	(0.36)	
Debentures	13,767.2	16,878.0	(3,110.7)	0.87	1.01	(0.13)	
Call Money and Bills Sold	15,027.0	8,280.1	6,746.9	0.04	0.39	(0.34)	
Payables under Repurchase Agreements	8,365.4	7,095.4	1,270.0	2.27	4.91	(2.64)	
Guarantee Deposit Received under Securities Lending Transactions	3,500.2	—	3,500.2	0.24	—	0.24	
Commercial Paper	418.6	1,545.1	(1,126.5)	0.20	1.26	(1.06)	
Borrowed Money	2,245.3	3,695.3	(1,450.0)	1.97	2.54	(0.57)	

### Net Fee and Commission Income

For the Fiscal Years ended March 31,	Billions of yen		
	2003	2002	Change
<b>Fee and Commission Income</b>	<b>¥ 490.1</b>	<b>¥ 544.2</b>	<b>¥ (54.0)</b>
Deposits, Debentures and Lending Business	81.1	123.7	(42.6)
Remittance Business	113.4	115.8	(2.4)
Securities-related Business	64.0	85.1	(21.1)
Agency Business	15.6	41.1	(25.5)
Safe Custody and Safety Deposit Box Business	2.4	8.3	(5.9)
Guarantee Business	30.7	39.4	(8.6)
Trust-related Business	23.1	23.8	(0.7)
<b>Fee and Commission Expenses</b>	<b>¥ 79.6</b>	<b>¥ 43.1</b>	<b>¥ 36.4</b>
Remittance Business	27.9	27.5	0.3



## Results for the Fiscal Year ended March 31, 2003

## 3. Consolidated Assets and Liabilities

## (1) Assets

Securities decreased by ¥292.3 billion from the end of the previous fiscal year to ¥23,816.5 billion. Unrealized Gains (Losses) on Other Securities (available for sale) at year-end were unrealized losses of ¥19.5 billion.

Loans and Bills Discounted at year-end fell by ¥15,383.6 billion to ¥69,210.0 billion. Non-Accrual, Past Due & Restructured Loans amounted to ¥4,769.9 billion, or 6.89% of total Loans and Bills Discounted.

Total Assets was ¥134,032.7 billion.

## Consolidated Assets and Liabilities

At March 31,	Billions of yen		
	2003	2002	Change
<b>Total Assets</b>	<b>¥ 134,032.7</b>	<b>¥ 151,312.4</b>	<b>¥ (17,279.6)</b>
Cash and Due from Banks	7,849.7	11,720.1	(3,870.4)
Trading Assets	9,919.0	7,951.4	1,967.6
Securities	23,816.5	24,108.9	(292.3)
Loans and Bills Discounted	69,210.0	84,593.6	(15,383.6)
Other Assets	4,904.6	11,067.7	(6,163.1)
Customers' Liabilities for Acceptances and Guarantees	4,145.4	4,923.2	(777.8)
<b>Total Liabilities</b>	<b>130,133.6</b>	<b>145,629.9</b>	<b>(15,496.2)</b>
Deposits	72,222.6	85,606.2	(13,383.5)
Debentures	11,696.3	15,310.8	(3,614.4)
Call Money and Bills Sold	11,185.8	9,453.6	1,732.1
Other Liabilities	5,526.5	11,278.1	(5,751.6)
<b>Minority Interests</b>	<b>1,038.0</b>	<b>951.0</b>	<b>86.9</b>
<b>Shareholders' Equity</b>	<b>¥ 2,861.0</b>	<b>¥ 4,731.4</b>	<b>¥ (1,870.3)</b>

## Fair Value of Securities

At March 31, 2003 (a)	Fair value	Gross unrealized		Net unrealized gains (losses)
		Gains	Losses	
Other Securities* <sup>1</sup>	¥ 21,784.9	¥ 359.3	¥ 378.9	¥ (19.5)
Stocks* <sup>2</sup>	3,755.8	166.0	356.6	(190.5)
Bonds	12,376.5	88.5	1.0	87.4
Other	5,652.5	104.7	21.2	83.5

At March 31, 2002 (b)	Fair value	Gross unrealized		Net unrealized gains (losses)
		Gains	Losses	
Other Securities* <sup>1</sup>	¥ 22,343.5	¥ 459.8	¥ 1,347.5	¥ (887.6)
Stocks* <sup>2</sup>	6,345.6	409.5	1,156.1	(746.5)
Bonds	11,090.5	15.4	29.0	(13.5)
Other	4,907.2	34.8	162.3	(127.4)

Change (a)-(b)	Fair value	Gross unrealized		Net unrealized gains (losses)
		Gains	Losses	
Other Securities* <sup>1</sup>	¥ (558.5)	¥ (100.5)	¥ (968.5)	¥ 868.0
Stocks* <sup>2</sup>	(2,589.8)	(243.4)	(799.4)	556.0
Bonds	1,285.9	73.0	(27.9)	101.0
Other	745.2	69.8	(141.1)	210.9

\*1 In addition to the balances shown in the above table, Other Securities included securities without fair values such as unlisted stock (excluding OTC stock) of ¥581.5 billion and non-publicly offered bonds of ¥1,026.3 billion as of March 31, 2003.

\*2 Fair value of Stocks is determined based on the average market prices during one-month periods before the balance sheet date.

## (2) Liabilities and Minority Interests

Deposits decreased by ¥13,383.5 billion from the end of the previous fiscal year to ¥72,222.6 billion. Debentures decreased by ¥3,614.4 billion from the previous fiscal year to ¥11,696.3 billion, and Total Liabilities decreased by ¥15,496.2 billion from the previous fiscal year to ¥130,133.6 billion.

Minority Interests increased by ¥86.9 billion to ¥1,038.0 billion.

## (3) Shareholders' Equity

Shareholders' Equity decreased by ¥1,870.3 billion from the end of the previous fiscal year to ¥2,861.0 billion, primarily because of the Net Loss posted.

The consolidated Capital Adequacy Ratio (BIS) stood at 9.53%, continuing at a satisfactory level.

### Capital Adequacy Ratio (BIS)

At March 31,		Billions of yen		
		2003	2002	Change
<b>Capital Adequacy Ratio</b>		<b>9.53%</b>	<b>10.56%</b>	<b>(1.03)%</b>
<b>Tier I Ratio</b>		<b>4.86%</b>	<b>5.33%</b>	<b>(0.47)%</b>
<b>Tier I</b>	<b>(A)</b>	<b>¥ 3,495.4</b>	<b>¥ 5,028.9</b>	<b>¥ (1,533.5)</b>
Capital Stock		1,540.9	2,572.0	(1,031.0)
Capital Surplus		2,599.5	2,203.7	395.8
Retained Earnings (Deficit)		(1,427.9)	46.1	(1,474.0)
Minority Interest in Consolidated Subsidiaries		1,036.4	952.6	83.7
Preferred Stock issued by overseas SPC		960.2	872.5	87.6
Unrealized Losses on Other Securities		(23.0)	(559.6)	536.6
Treasury Stock		(134.1)	(1.2)	(132.9)
Foreign Currency Translation Adjustments		(96.2)	(120.1)	23.9
Goodwill Equivalent		(0.1)	(0.2)	0.0
Consolidation Differences Equivalent		—	(64.2)	64.2
<b>Tier II</b>	<b>(B)</b>	<b>3,495.4</b>	<b>5,028.9</b>	<b>(1,533.5)</b>
45% of Unrealized Gains on Securities		—	—	—
45% of Revaluation Reserve for Land, net of Taxes		287.3	391.3	(103.9)
General Reserve for Possible Losses on Loans		1,515.4	953.4	562.0
Debt Capital		2,877.9	3,974.5	(1,096.5)
Perpetual Subordinated Debt and Other Debt Capital		1,270.7	1,710.0	(439.2)
Subordinated Debt and Redeemable Preferred Stock		1,607.2	2,264.5	(657.2)
<b>Deductions from Capital</b>	<b>(C)</b>	<b>143.4</b>	<b>98.3</b>	<b>45.0</b>
<b>Capital</b>	<b>(A)+(B)-(C)</b>	<b>¥ 6,847.4</b>	<b>¥ 9,959.5</b>	<b>¥ (3,112.1)</b>
<b>Risk-adjusted Assets</b>		<b>¥ 71,823.5</b>	<b>¥ 94,288.7</b>	<b>¥ (22,465.1)</b>
Assets Exposed to Credit Risk		71,144.9	93,276.5	(22,131.6)
On-balance-sheet Items		66,644.0	85,791.7	(19,147.6)
Off-balance-sheet Items		4,500.8	7,484.8	(2,983.9)
Market Risk Equivalent Divided by 8%		678.6	1,012.1	(333.5)
(Reference) Market Risk Equivalent		54.2	80.9	(26.6)

## Results for the Fiscal Year ended March 31, 2003

## ● Aggregated Figures of the Two Banks

The aggregated figures of the "Two Banks" as stated herein are the sum of the non-consolidated results of Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd. for the fiscal year ended March 31, 2003. Comparative figures for the fiscal year ended March 31, 2002 are the sum of the non-consolidated results of the former The Dai-ichi Kangyo Bank, Limited, the former The Fuji Bank, Limited and the former The Industrial Bank of Japan, Limited (the former "Three Banks").

### 1. MHFG Consolidated Figures and Aggregated Figures of the Two Banks

#### Differences between Consolidated Figures and Aggregated Figures of the Two Banks or the former Three Banks

For the Fiscal Years ended March 31,	2003				2002			
	MHFG (Consolidated) (A)	Aggregated Figures of the Two Banks (B)	(A) – (B)	(B) / (A)	MHHD (Consolidated) (A)	Aggregated Figures of the former Three Banks (B)	(A) – (B)	(B) / (A)
<b>Gross Profits</b>	<b>¥ 2,233.6</b>	<b>¥ 1,706.6</b>	<b>¥ 527.0</b>	<b>76.4%</b>	<b>¥ 2,462.0</b>	<b>¥ 1,829.9</b>	<b>¥ 632.0</b>	<b>74.3%</b>
Net Interest Income	1,256.3	1,126.8	129.5	89.7	1,527.6	1,335.2	192.3	87.4
Net Fiduciary Income	55.4	—	55.4	—	54.4	—	54.4	—
Net Fee and Commission Income	410.5	228.6	181.9	55.7	501.0	231.6	269.4	46.2
Net Trading Income	244.5	106.2	138.2	43.5	178.8	118.5	60.3	66.3
Net Other Operating Income	266.7	244.8	21.8	91.8	199.9	144.4	55.5	72.2
Credit-related Costs	2,092.3	2,055.0	37.3	98.2	2,487.6	2,193.9	293.7	88.2
<b>Net Loss</b>	<b>(2,377.1)</b>	<b>(2,261.9)</b>	<b>(115.1)</b>	<b>95.2</b>	<b>(976.0)</b>	<b>(909.6)</b>	<b>(66.4)</b>	<b>93.2</b>

At March 31,	2003				2002			
	MHFG (Consolidated) (A)	Aggregated Figures of the Two Banks (B)	(A) – (B)	(B) / (A)	MHHD (Consolidated) (A)	Aggregated Figures of the former Three Banks (B)	(A) – (B)	(B) / (A)
<b>Total Assets</b>	<b>¥134,032.7</b>	<b>¥128,899.1</b>	<b>¥5,133.5</b>	<b>96.2%</b>	<b>¥151,312.4</b>	<b>¥140,985.9</b>	<b>¥10,326.4</b>	<b>93.2%</b>
Securities	23,816.5	23,251.9	564.5	97.6	24,108.9	24,049.0	59.8	99.8
Loans and Bills Discounted	69,210.0	65,517.9	3,692.1	94.7	84,593.6	80,574.3	4,019.3	95.3

### 2. Profits and Losses

Aggregated Net Business Profits for the Two Banks (before Provision for General Reserve for Possible Losses on Loans) declined by ¥143.5 billion from the previous year to ¥814.6 billion.

As a result of a significant reduction in exposure to stockholdings through the sales and conservative devaluation of stocks, Net Losses related to Stocks and Other Securities increased by ¥756.7 billion for a loss of ¥830.1 billion.

The strictest financial provisions continued from last fiscal year, including acceleration of final disposal of NPLs and an increase in the reserve ratio, and Credit-related Costs decreased by ¥138.9 billion to ¥2,055.0 billion.

Net Loss thus increased by ¥1,352.3 billion from the previous fiscal year, resulting in Net Loss of ¥2,261.9 billion.

## Profits and Losses (the Two Banks)

For the Fiscal Years ended March 31,	Billions of yen		
	2003	2002	Change
Domestic Gross Profits	¥ 1,338.3	¥ 1,303.7	¥ 34.5
International Gross Profits	368.2	526.1	(157.8)
<b>Gross Profits</b>	<b>1,706.6</b>	<b>1,829.9</b>	<b>(123.3)</b>
Net Interest Income	1,126.8	1,335.2	(208.4)
Net Fee and Commission Income	228.6	231.6	(3.0)
Net Trading Income	106.2	118.5	(12.3)
Net Other Operating Income	244.8	144.4	100.4
Net Gains related to Bonds	193.8	62.7	131.1
General and Administrative Expenses (Excluding Non-recurring Losses)	891.9	871.7	20.2
<b>Net Business Profits (before Provision for General Reserve for Possible Losses on Loans)</b>	<b>814.6</b>	<b>958.2</b>	<b>(143.5)</b>
Excluding Net Gains related to Bonds	620.8	895.4	(274.6)
Provision for General Reserve for Possible Losses on Loans	(A) 431.3	214.3	216.9
<b>Net Business Profits</b>	<b>383.3</b>	<b>743.8</b>	<b>(360.4)</b>
Net Non-recurring Losses	(2,674.0)	(2,211.4)	(462.5)
Net Losses related to Stocks and Other Securities	(830.1)	(73.4)	(756.7)
Expenses related to Portfolio Problems	(B) (1,623.7)	(1,979.5)	355.8
Other	(220.1)	(158.4)	(61.6)
<b>Loss before Income Taxes</b>	<b>(2,290.6)</b>	<b>(1,467.6)</b>	<b>(823.0)</b>
Income Taxes—Current	0.9	3.5	(2.5)
Income Taxes—Deferred	(29.6)	(561.4)	531.8
<b>Net Loss</b>	<b>¥ (2,261.9)</b>	<b>¥ (909.6)</b>	<b>¥ (1,352.3)</b>
Credit-related Costs	(A)+(B) ¥ 2,055.0	¥ 2,193.9	¥ (138.9)

### ○ Gross Profits

Gross Profits decreased by ¥123.3 billion to ¥1,706.6 billion in comparison with the previous fiscal year.

## Breakdown of Gross Profits (the Two Banks)

For the Fiscal Years ended March 31,	Billions of yen		
	2003	2002	Change
<b>Net Interest Income</b>	<b>¥ 1,126.8</b>	<b>¥ 1,335.2</b>	<b>¥ (208.4)</b>
Domestic Operations	962.1	1,108.2	(146.0)
International Operations	164.6	226.9	(62.3)
<b>Net Fee and Commission Income</b>	<b>228.6</b>	<b>231.6</b>	<b>(3.0)</b>
Domestic Operations	174.1	156.6	17.4
International Operations	54.4	75.0	(20.5)
<b>Net Trading Income</b>	<b>106.2</b>	<b>118.5</b>	<b>(12.3)</b>
Domestic Operations	66.9	34.5	32.4
International Operations	39.2	84.0	(44.7)
<b>Net Other Operating Income</b>	<b>244.8</b>	<b>144.4</b>	<b>100.4</b>
Domestic Operations	135.0	4.2	130.7
International Operations	109.8	140.1	(30.2)
<b>Gross Profits</b>	<b>¥ 1,706.6</b>	<b>¥ 1,829.9</b>	<b>¥ (123.3)</b>

## Results for the Fiscal Year ended March 31, 2003

**(1) Net Interest Income**

Net Interest Income decreased by ¥208.4 billion from the previous fiscal year to ¥1,126.8 billion. Income from domestic operations decreased by ¥146.0 billion to ¥962.1 billion, and the contribution from international operations decreased by ¥62.3 billion to ¥164.6 billion.

**Breakdown of Net Interest Income (the Two Banks)**

For the Fiscal Years ended March 31,	Average balance			Yield		
	2003	2002	Change	2003	2002	Change
Billions of yen						
<b>Total</b>						
<b>Use of Funds</b>	<b>¥ 120,756.9</b>	<b>¥ 118,491.2</b>	<b>¥ 2,265.7</b>	<b>1.46%</b>	<b>2.02%</b>	<b>(0.55)%</b>
Loans and Bills Discounted	73,805.6	82,752.1	(8,946.5)	1.77	2.08	(0.30)
Securities	24,201.1	26,728.1	(2,527.0)	1.35	1.84	(0.48)
<b>Source of Funds</b>	<b>122,159.4</b>	<b>115,585.4</b>	<b>6,573.9</b>	<b>0.53</b>	<b>0.91</b>	<b>(0.37)</b>
Deposits and Debentures	90,589.5	95,123.3	(4,533.7)	0.32	0.65	(0.32)
Interest Margins	/	/	/	0.93	1.11	(0.16)
Loan and Deposit Rate Margin	/	/	/	1.44	1.43	0.01
<b>Domestic Operations</b>						
<b>Use of Funds</b>	<b>102,299.9</b>	<b>96,404.9</b>	<b>5,894.9</b>	<b>1.17</b>	<b>1.47</b>	<b>(0.29)</b>
Loans and Bills Discounted	64,707.5	70,154.7	(5,447.1)	1.57	1.68	(0.10)
Securities	18,807.5	20,822.1	(2,014.5)	0.71	0.94	(0.22)
<b>Source of Funds</b>	<b>103,913.3</b>	<b>95,315.9</b>	<b>8,597.4</b>	<b>0.22</b>	<b>0.32</b>	<b>(0.09)</b>
Deposits and Debentures	79,994.7	80,773.8	(779.1)	0.19	0.28	(0.08)
Interest Margins	/	/	/	0.94	1.15	(0.20)
Loan and Deposit Rate Margin	/	/	/	1.37	1.40	(0.02)
<b>International Operations</b>						
<b>Use of Funds</b>	<b>20,390.0</b>	<b>24,710.9</b>	<b>(4,320.9)</b>	<b>2.97</b>	<b>4.10</b>	<b>(1.12)</b>
Loans and Bills Discounted	9,098.0	12,597.3	(3,499.3)	3.20	4.30	(1.09)
Securities	5,393.5	5,906.0	(512.4)	3.57	5.03	(1.45)
<b>Source of Funds</b>	<b>20,179.0</b>	<b>22,894.1</b>	<b>(2,715.1)</b>	<b>2.18</b>	<b>3.43</b>	<b>(1.24)</b>
Deposits and Debentures	10,594.7	14,349.4	(3,754.6)	1.32	2.74	(1.41)
Interest Margins	/	/	/	0.78	0.67	0.11
Loan and Deposit Rate Margin	/	/	/	1.88	1.56	0.31

**(2) Net Fee and Commission Income**

Net Fee and Commission Income decreased by ¥3.0 billion to ¥228.6 billion.

**Breakdown of Net Fee and Commission Income (the Two Banks)**

For the Fiscal Years ended March 31,	Average balance		
	2003	2002	Change
Billions of yen			
<b>Fee and Commission Income</b>	<b>¥ 314.0</b>	<b>¥ 333.3</b>	<b>¥ (19.3)</b>
Deposits, Debentures and Lending Business	94.0	95.5	(1.4)
Remittance Business	112.0	114.5	(2.5)
Securities-related Business	30.1	28.6	1.5
Agency Business	23.3	27.7	(4.3)
Safe Custody and Safety Deposit Box Business	6.4	6.5	(0.1)
Guarantee Business	18.4	22.8	(4.3)
<b>Fee and Commission Expenses</b>	<b>85.4</b>	<b>101.6</b>	<b>(16.2)</b>
Remittance Business	27.6	28.7	(1.1)

### (3) Net Trading Income

Net Trading Income decreased by ¥12.3 billion from the previous fiscal year to ¥106.2 billion.

### (4) Net Other Operating Income

Net Other Operating Income increased by ¥100.4 billion to ¥244.8 billion due to higher Net Gains related to Bonds.

#### Breakdown of Net Other Operating Income (the Two Banks)

For the Fiscal Years ended March 31,	2003	2002	Billions of yen Change
<b>Total</b>	<b>¥ 244.8</b>	<b>¥ 144.4</b>	<b>¥ 100.4</b>
Profits on Foreign Exchange Transactions	69.3	91.1	(21.8)
Net Gains related to Bonds	193.8	62.7	131.1
<b>Domestic Operations</b>	<b>135.0</b>	<b>4.2</b>	<b>130.7</b>
Net Gains related to Bonds	133.6	4.7	128.9
<b>International Operations</b>	<b>109.8</b>	<b>140.1</b>	<b>(30.2)</b>
Profits on Foreign Exchange Transactions	69.3	91.1	(21.8)
Net Gains related to Bonds	60.1	58.0	2.1

#### ○ General and Administrative Expenses

Despite ongoing efforts to promote rationalization and efficiency, General and Administrative Expenses increased by ¥20.2 billion from the previous year to ¥891.9 billion.

Personnel Expenses decreased by ¥37.1 billion to ¥308.1 billion, because of a reduction in the number of personnel and reviewed compensation levels.

Non-personnel Expenses increased by ¥56.1 billion to ¥535.8 billion, because of cost increases relating to the consolidation.

#### Breakdown of General and Administrative Expenses (Excluding Non-Recurring Expenses) (the Two Banks)

For the Fiscal Years ended March 31,	2003	2002	Billions of yen Change
<b>Personnel Expenses</b>	<b>¥ 308.1</b>	<b>¥ 345.2</b>	<b>¥ (37.1)</b>
Salaries and Remuneration	252.3	276.1	(23.8)
<b>Non-personnel Expenses</b>	<b>535.8</b>	<b>479.6</b>	<b>56.1</b>
Miscellaneous Taxes	47.9	46.7	1.2
<b>Total</b>	<b>¥ 891.9</b>	<b>¥ 871.7</b>	<b>¥ 20.2</b>

#### ○ Net Business Profits

Net Business Profits (before Provision for General Reserve for Possible Losses on Loans) decreased by ¥143.5 billion from the previous fiscal year to ¥814.6 billion.



## Results for the Fiscal Year ended March 31, 2003

## ○ Net Non-Recurring Losses, Ordinary Loss and Net Loss

**(1) Net Losses related to Stocks and Other Securities**

The Two Banks reduced stockholdings in order to enhance their financial strength and recorded ¥566.2 billion in Losses on Devaluation of Stocks and Other Securities, resulting in Net Losses related to Stocks and Other Securities of ¥830.1 billion.

**(2) Expenses related to Portfolio Problems**

The strictest possible financial provisions were undertaken in order to prepare for the risk of deterioration of assets in the future, including accelerated final disposal of NPLs. As a result of these efforts, Expenses related to Portfolio Problems were ¥1,623.7 billion.

These expenses primarily consisted of Losses on Write-offs of Loans of ¥652.1 billion and Provision for Specific Reserve for Possible Losses on Loans of ¥389.7 billion.

**Breakdown of Net Non-Recurring Losses (the Two Banks)**

For the Fiscal Years ended March 31,	2003	2002	Billions of yen Change
<b>Net Losses Related to Stocks and Other Securities</b>	<b>¥ (830.1)</b>	<b>¥ (73.4)</b>	<b>¥ (756.7)</b>
Gains on Sales of Stocks and Other Securities	67.2	299.7	(232.5)
Losses on Sales of Stocks and Other Securities	(326.8)	(38.8)	(288.0)
Losses on Devaluation of Stocks and Other Securities	(566.2)	(335.4)	(230.8)
Provision for Reserves for Possible Losses on Investments	(4.8)	(0.0)	(4.8)
Gains on Derivatives other than for Trading	0.4	1.0	(0.5)
<b>Expenses Related to Portfolio Problems</b>	<b>1,623.7</b>	<b>1,979.5</b>	<b>(355.8)</b>
Losses on Write-offs of Loans	652.1	1,083.2	(431.1)
Provision for Specific Reserve for Possible Losses on Loans	389.7	608.6	(218.8)
Losses on Sales of Loans to CCPC	17.8	54.9	(37.1)
Provision for Reserve for Possible Losses on Loans Sold	10.7	15.9	(5.2)
Losses on Support of Specific Borrowers	0.5	144.2	(143.6)
Provision for Reserve for Possible Losses on Support of Specific Borrowers	—	17.2	(17.2)
Provision for Reserve for Possible Losses on Loans to Restructuring Countries	(13.8)	5.2	(19.1)
Provision for Reserve for Contingencies	6.3	—	6.3
Other Losses on Sales of Loans	560.2	49.9	510.2
<b>Other</b>	<b>(220.1)</b>	<b>(158.4)</b>	<b>(61.6)</b>
<b>Net Non-recurring Losses</b>	<b>¥ (2,674.0)</b>	<b>¥ (2,211.4)</b>	<b>¥ (462.5)</b>

**(3) Income Taxes**

Income Taxes—Current amounted to ¥0.9 billion, and Income Taxes—Deferred amounted to ¥(29.6) billion.

**(4) Net Loss**

Net Loss thus increased by ¥1,352.3 billion from the previous fiscal year, resulting in a Net Loss of ¥2,261.9 billion.

### 3. Assets and Liabilities

#### Assets and Liabilities (the Two Banks)

At March 31,	Billions of yen		
	2003	2002	Change
<b>Total Assets</b>	<b>¥ 128,899.1</b>	<b>¥ 140,985.9</b>	<b>¥ (12,086.7)</b>
Cash and Due from Banks	8,854.1	11,385.9	(2,531.7)
Call Loans	7,410.5	849.5	6,561.0
Securities	23,251.9	24,049.0	(797.0)
Loans and Bills Discounted	65,517.9	80,574.3	(15,056.4)
Customers' Liabilities for Acceptances and Guarantees	5,155.3	6,391.8	(1,236.4)
<b>Total Liabilities</b>	<b>125,806.2</b>	<b>135,908.1</b>	<b>(10,101.9)</b>
Deposits	70,551.8	82,484.9	(11,933.1)
Debentures	11,797.6	15,805.5	(4,007.9)
Call Money	12,919.6	7,437.0	5,482.6
Acceptances and Guarantees	5,155.3	6,391.8	(1,236.4)
<b>Shareholders' Equity</b>	<b>3,092.9</b>	<b>5,077.7</b>	<b>(1,984.7)</b>
Net Unrealized Losses on other Securities, net of Taxes	(30.3)	(530.3)	500.0

#### Fair Value of Securities (the Two Banks)

At March 31, 2003 (a)	Fair value	Gross unrealized		Net unrealized gains (losses)
		Gains	Losses	
Other Securities* <sup>1</sup>	¥ 20,115.9	¥ 331.0	¥ 361.3	¥ (30.2)
Stocks* <sup>2</sup>	3,511.2	148.2	340.0	(191.8)
Bonds	11,576.4	85.3	0.9	84.3
Other	5,028.1	97.5	20.3	77.2

At March 31, 2002 (b)	Fair value	Gross unrealized		Net unrealized gains (losses)
		Gains	Losses	
Other Securities* <sup>1</sup>	¥ 20,475.0	¥ 411.7	¥ 1,273.0	¥ (861.2)
Stocks* <sup>2</sup>	5,827.5	368.5	1,091.2	(722.7)
Bonds	10,382.2	12.7	28.7	(15.9)
Other	4,265.1	30.4	153.0	(122.5)

Change (a)-(b)	Fair value	Gross unrealized		Net unrealized gains (losses)
		Gains	Losses	
Other Securities* <sup>1</sup>	¥ (359.1)	¥ (80.6)	¥ (911.7)	¥ 831.0
Stocks* <sup>2</sup>	(2,316.2)	(220.3)	(751.2)	530.9
Bonds	1,194.1	72.5	(27.7)	100.3
Other	762.9	67.0	(132.7)	199.8

\*1 In addition to the balances shown in the above table, Other Securities included securities without fair values.

\*2 Fair value of Stocks is determined based on the average market prices during one-month periods before the balance sheet date.

## Results for the Fiscal Year ended March 31, 2003

### (1) Assets

Total Assets decreased by ¥12,086.7 billion from the end of the previous fiscal year to ¥128,899.1 billion.

Securities decreased by ¥797.0 billion to ¥23,251.9 billion, as a result of sales of stocks and other steps taken to reduce stock-holding risk. Unrealized Losses on Other Securities was ¥30.3 billion at year-end.

In addition to low domestic demand for funds due to prolonged economic stagnation, progress in disposing of NPLs meant that overall Loans and Bills Discounted fell by ¥15,056.4 billion from the end of previous fiscal year to ¥65,517.9 billion. Non-Accrual, Past Due and Restructured Loans amounted to ¥4,399.2 billion, or 6.71% of total Loans and Bills Discounted.

### (2) Liabilities

Total Liabilities decreased by ¥10,101.9 billion from the end of the previous fiscal year to ¥125,806.2 billion.

Total deposits decreased by ¥11,933.1 billion to ¥70,551.8 billion in comparison with the end of the previous fiscal year.

Debentures decreased by ¥4,007.9 billion to ¥11,797.6 billion.

### (3) Shareholders' Equity

Shareholders' Equity decreased by ¥1,984.7 billion from the end of the previous fiscal year to ¥3,092.9 billion, primarily because Retained Earnings declined as a result of the Net Loss for the year.

## (Reference) Aggregated Figures for the Two Banks & MHTB

The aggregated figures for the Two Banks & MHTB are the sum of the non-consolidated results of Mizuho Corporate Bank, Ltd., Mizuho Bank, Ltd. and Mizuho Trust & Banking Co., Ltd.

### Profits and Losses (the Two Banks & MHTB)

For the Fiscal Year ended March 31, 2003

Billions of yen

<b>Gross Profits</b>		<b>¥ 1,815.9</b>
Net Interest Income		1,168.3
Net Fiduciary Income		35.5
Credit Costs for Trust Accounts of MHTB		(19.1)
Net Fee and Commission Income		246.9
Net Trading Income		109.9
Net Other Operating Income		255.1
General and Administrative Expenses (Excluding Non-recurring Losses)		941.1
<b>Net Business Profits (before Provision for General Reserve for Possible Losses on Loans)*<sup>1</sup></b>		<b>894.0</b>
Provision for General Reserve for Possible Losses on Loans	(A)	431.3
<b>Net Business Profits</b>		<b>443.5</b>
Net Non-recurring Losses		(2,821.5)
Net Losses related to Stocks and Other Securities		(905.8)
Expenses related to Portfolio Problems	(B)	(1,656.0)
Other		(259.7)
<b>Loss before Income Taxes</b>		<b>(2,378.1)</b>
Income Taxes—Current		0.9
Income Taxes—Deferred		(12.0)
<b>Net Loss</b>		<b>¥ (2,367.0)</b>
Credit-related Costs	(A)+(B)	¥ 2,095.2

\*<sup>1</sup> Net Business Profits (before Provision for General Reserve for Possible Losses on Loans) stand for those before Credit Costs for Trust Accounts of MHTB.

### Fair Value of Securities (the Two Banks & MHTB)

Billions of yen

At March 31, 2003	Fair value	Gross unrealized		Net unrealized gains (losses)
		Gains	Losses	
Other Securities* <sup>1</sup>	¥ 21,314.1	¥ 348.9	¥ 376.9	¥ (28.0)
Stocks* <sup>2</sup>	3,753.2	160.4	355.2	(194.8)
Bonds	12,218.1	88.5	1.0	87.4
Other	5,342.7	99.9	20.6	79.3

\*<sup>1</sup> In addition to the balances shown in the above table, Other Securities included securities without fair values.

\*<sup>2</sup> Fair value of Stocks is determined based on the average market prices during one-month periods before the balance sheet date.

## ● Improvement of Asset Quality

The consolidated results for the fiscal year ended March 31, 2003 ("Fiscal 2002") are for Mizuho Financial Group, Inc. The results for the fiscal year ended March 31, 2002 ("Fiscal 2001") are for Mizuho Holdings, Inc.

The aggregated figures of the "Two Banks" are the sum of the non-consolidated results of Mizuho Corporate Bank, Ltd. (MHCB) and Mizuho Bank, Ltd. (MHBK) for the fiscal year ended March 31, 2003. Comparative figures for the year ended March 31, 2002 are the sum of the non-consolidated results of the former The Dai-ichi Kangyo Bank, Limited (DKB), the former The Fuji Bank, Limited (Fuji Bank) and the former The Industrial Bank of Japan, Limited (IBJ).

The aggregate figures for the "Two Banks and MHTB" are the sum of the non-consolidated results of MHCB, MHBK and Mizuho Trust & Banking Co., Ltd. (MHTB) for the fiscal year ended March 31, 2003. Comparative figures for the year ended March 31, 2002 are the sum of the non-consolidated results of the former DKB, the former Fuji Bank, the former IBJ and the former Yasuda Trust and Banking.

### ○ Disposal of Non-Performing Loans in the Fiscal Year ended March 31, 2003

Credit-related Costs of the aggregated figures of the Two Banks and MHTB amounted to approximately ¥2.1 trillion for the fiscal year ended March 31, 2003 (¥1.8 trillion in the second half) in order to resolve the non-performing loan (NPL) issue at an early stage.

The second half figures included ¥810 billion for acceleration of disposal of NPLs including further disposal of NPLs and preparation of necessary financial provisions for large problem borrowers, and ¥690 billion of increase in the level of loan-loss reserves, including application of a discounted cash flow method (the "DCF method").

Acceleration of disposal of NPLs and the increase in the level of loan-loss reserves are the first steps in the future reduction of the outstanding balance of NPLs.

#### Discounted Cash Flow Method (the "DCF Method")

The DCF method is a measurement method of the Reserve for Possible Losses on Loans, where future cash flows to be received from repayment of principle of and interest on loans are estimated and discounted to a present value, and the difference between that the present value and the book value of the loan is recorded in the Reserve for Possible Losses on Loans.

Our group has adopted this method for the fiscal year ended March 31, 2003, to almost 60% of the claims against Special Attention Obligors, and to approximately 75% in the case of MHCB alone. The average reserve ratio for the claims to which the DCF method is applied is about 45% against the uncovered portion, which is considerably higher than the 35% average reserve ratio for claims subject to special examination announced by the Financial Services Agency.

Approximately ¥370 billion out of the ¥2.1 trillion Credit-related Costs for the fiscal year ended March 31, 2003 is related to adoption of the DCF method.

### Credit-related Costs (Consolidated)

For the Fiscal Year ended March 31,	Billions of yen 2003
<b>Credit-related Costs</b>	<b>¥ 2,092.3</b>
Losses on Write-offs of Loans	735.1
Provision for Reserve for Possible Losses on Loans	914.7
Provision for Reserve for Possible Losses on Loans Sold	10.7

## Credit-related Costs (the Two Banks)

Billions of yen

For the Fiscal Years ended March 31,	2003	2002	Change
<b>Credit-related Costs</b>	<b>¥ 2,055.0</b>	<b>¥ 2,193.9</b>	<b>¥ (138.9)</b>
<b>Expenses Related to Portfolio Problems</b>	<b>1,623.7</b>	<b>1,979.5</b>	<b>(355.8)</b>
Losses on Write-offs of Loans	652.1	1,083.2	(431.1)
Net Provision for Specific Reserve for Possible Losses on Loans	389.7	608.6	(218.8)
Losses on Sales of Loans to CCPC	17.8	54.9	(37.1)
Provision for Reserve for Possible Losses on Loans Sold	10.7	15.9	(5.2)
Losses on Support of Specific Borrowers	0.5	144.2	(143.6)
Provision for Reserve for Possible Losses on Support of Specific Borrowers	—	17.2	(17.2)
Provision for (Reversal of) Reserve for Possible Losses on Loans to Restructuring Countries	(13.8)	5.2	(19.1)
Provision for Reserve for Contingencies	6.3	—	6.3
Other Losses on Sales of Loans	560.2	49.9	510.2
<b>Provision for General Reserve for Possible Losses on Loans</b>	<b>431.3</b>	<b>214.3</b>	<b>216.9</b>

Note: CCPC:Cooperative Credit Purchasing Company, Ltd.

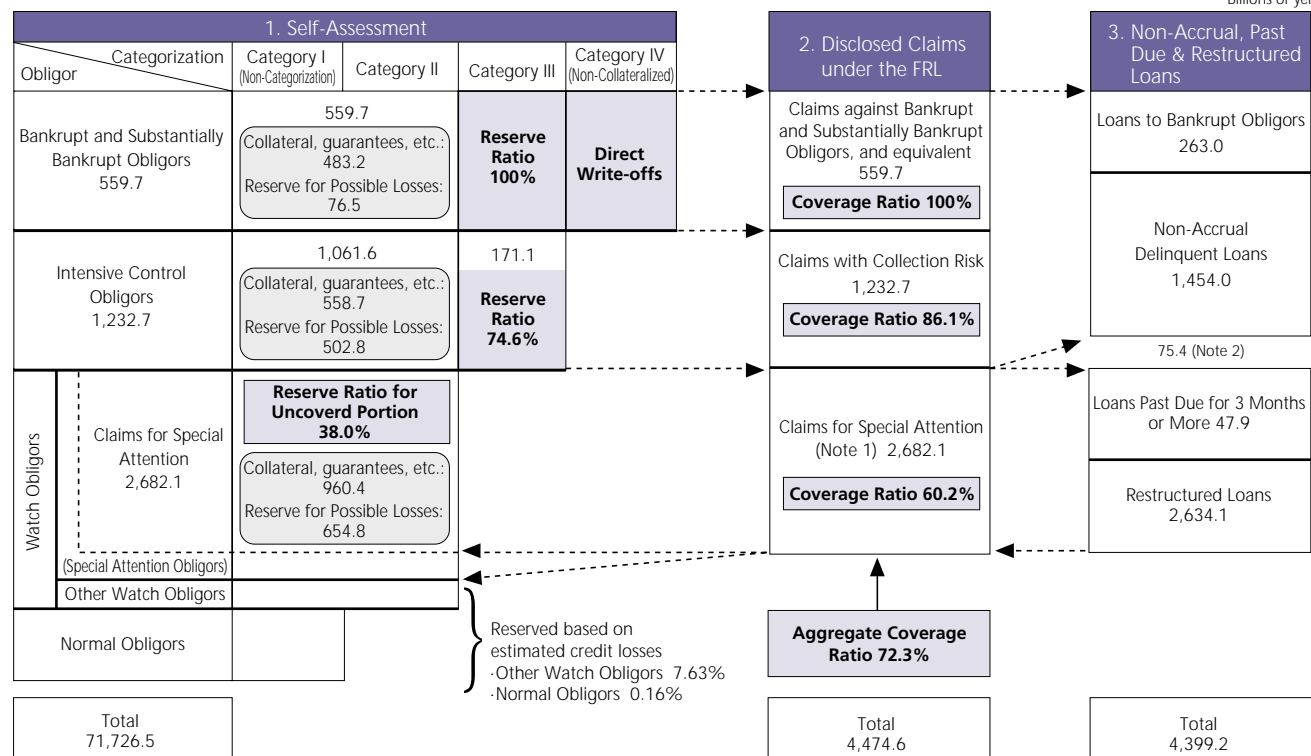
## (Reference) Credit-related Costs (the Two Banks and MHTB)

Billions of yen

For the Fiscal Year ended March 31,	2003
<b>Credit-related Costs</b>	<b>¥ 2,095.2</b>
<b>Expenses Related to Portfolio Problems</b>	<b>1,656.0</b>
Losses on Write-offs of Loans	673.1
Provision for Specific Reserve for Possible Losses on Loans	389.7
Provision for Reserve for Possible Losses on Loans Sold	10.7
<b>Provision for General Reserve for Possible Losses on Loans</b>	<b>431.3</b>

## Overview of Disclosure of NPLs at March 31, 2003 (the Two Banks)

Billions of yen



Notes: 1. Claims for Special Attention includes loans only and is equal to the total amount of Loans Past Due for 3 Months or More and Restructured Loans.

Claims against Special Attention Obligors includes all claims, not limited to loans, against Special Attention Obligors.

2. The difference between total Non-Accrual, Past Due and Restructuring Loans and total Disclosed Claims under the FRL represents claims other than loans included in Disclosed Claims under the FRL.

3. FRL: Financial Reconstruction Law



## ○ Outstanding Balance of NPLs

### Status of Disclosed Claims

The Two Banks and MHTB's aggregated figures of Disclosed Claims under the Financial Reconstruction Law (FRL) decreased by ¥731.8 billion from the end of the previous year to ¥4,785.9 billion. The classifications of those loans are shown in the table on page 86.

Of the total, Claims with Collection Risk or worse claims decreased by ¥1,470.1 billion (approximately 44% decrease) from the previous year to ¥1,880.2 billion as a result of such measures for removal of NPLs including the sales of about ¥600 billion to the Resolution and Collection Corporation in order to accelerate disposal of NPLs.

On the other hand, Claims for Special Attention increased by ¥738.2 billion compared to the end of March 2002 to ¥2,905.7 billion, as the classification of some portion of Claims with Collection Risk improved due to active efforts to proceed with corporate revitalization, and as strict self-assessments were carried out reflecting the difficult economic situation.

### NPL Ratio

The aggregated NPL ratio for the Two Banks and MHTB at the end of March 2003 was about 6.2%.

By continuing to remove NPLs from the balance sheet and strengthen measures to prevent the occurrence of NPLs, we intend to reduce NPLs to 50% of fiscal year ended March 31, 2003 by the end of the fiscal year ending March 31, 2005.

## ○ Management of Loans

### Credit Ratings

A 16-grade unified credit rating system is one of the most important elements of MHCB and MHBK' risk management infrastructure. In principle, credit ratings apply to all borrowers and are subject to regular reviews at least once a year to promptly reflect their term-end corporate results, as well as to special reviews required whenever a borrower's credit standing changes. This enables us to monitor both individual borrowers and the status of the overall portfolio in a timely fashion. Since credit ratings are a primary phase of the self-assessment process described below, they are linked to the obligor classifications used in the self-assessment of assets.

### Self-Assessment of Assets

Self-assessment of assets is one of the credit risk management measures that enables us to ascertain actual asset status for the preparation for appropriate write-offs and provisions based on accounting principles.

Specifically, the borrowers are categorized into five obligor classifications according to creditworthiness, then assets are classified into four categories according to asset recovery risk and risk of impairment (please refer to the Definition of Obligor Classifications and Definition of Categories of Self-Assessment on the next page for details).

### Write-Offs and Reserves

Write-offs and reserves are made according to obligor classifications and asset categories on the basis of results of the self-assessment.

The results of write-offs and reserves at the end of March 2003 are described on page 81.

## Definition of Obligor Classifications and Definition of Categories of Self-Assessment

	Definition of Obligor Classifications	Category I (Non-Categorized)	Category II	Category III	Category IV (Non-Collateralized)
<b>Normal Obligators</b>	Obligors whose business conditions are favorable and who are deemed not to have any particular problems in terms of their financial position.	All credit given to Normal Obligators.			
<b>Watch Obligators</b>	Obligors who require close watching going forward because there are problems with their borrowings, such as reduced or suspended interest payments, problems with fulfillment such as de facto postponements of principal or interest payments, or problems with their financial positions as a result of their poor or unstable business conditions.	Credit to obligors which have pledged collateral or are covered by guarantees, considered of high quality, such as deposit collateral.	Credit given to Watch Obligators other than those included in Category I.		
<b>Intensive Control Obligators</b>	Obligors who are not yet bankrupt but are in financial difficulties and are deemed to be very likely to go bankrupt in the future because they are finding it difficult to make progress in implementing their management improvement plans (including obligors who are receiving ongoing support from financial institutions).		Credit to obligors which are covered by general collateral, such as real estate and guarantees.	Credit given to Intensive Control Obligators other than those included in Category I and Category II.	
<b>Substantially Bankrupt Obligators</b>	Obligors who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious financial difficulties and are not deemed to be capable of restructuring.		The difference between the assessed value and market value of collateral on credit to Bankrupt and Substantially Bankrupt Obligators (i.e., the portion of loans for which final collection problems or losses are anticipated).		Credit to Bankrupt and Substantially Bankrupt Obligators, other than those in Category I, Category II and Category III (credit that is judged to be unrecoverable or without value).
<b>Bankrupt Obligators</b>	Obligors who have already gone bankrupt, from both a legal and/or formal perspective.				

## Methods for Write-Offs and Reserves

<b>Normal Obligators</b>	Calculate the value of estimated loss based on the probability of failure over the coming year for loans by credit rating and appropriate it for the General Reserve for Possible Losses on Loans.
<b>Watch Obligators</b>	Calculate the estimated loss on loans based on the probability of failure over the next three years and appropriate it for the General Reserve for Possible Losses on Loans. Further, in regards to Special Attention Obligators, for obligors with large claims more than a certain amount, if the cash flow from the return of principal and interest payments can reasonably be estimated, set up a reserve under the DCF method.
<b>Intensive Control Obligators</b>	Provide an amount for Specific Reserve for Possible Losses on Loans as calculated by one of the following methods after deducting amounts anticipated to be recoverable from the sale of collateral held against the claims and from guarantors of the claims: a) an amount calculated based on the overall ability of the borrower to pay, or b) the estimated loss calculated on the basis of the balance and the probability of failure over the next three years. Further, for obligors with large claims more than a certain amount, if the cash flow from the return of principal and interest payments can reasonably be estimated, set up a reserve under the DCF method.
<b>Substantially Bankrupt Obligators Bankrupt Obligators</b>	Provide the entire balance after deducting amounts anticipated to be recoverable from the sale of collateral held against the claims and from guarantors of the claims for Specific Reserve for Possible Losses on Loans, or write-off the entire balance.

## ○ Credit Management

### Credit Operations Standard

The Credit Operations Standard stipulates the basic stance for all senior executive officers and employees of the group engaged in credit operations. Fundamental credit operations policies are determined therein in light of the appropriate public and social roles of the bank, including social principles, safety principles, growth principles and earnings principles.

### Credit Examination

In order to improve the quality of assets, it is extremely important to manage credit on a daily basis so as to prevent the occurrence of NPLs.

Basically each responsible business promotion division and branch is to conduct an impartial analysis and examination of each credit application separately, and matters that exceed the authority of the division or branch general manager are to be examined by head office credit divisions. Industry-specific, customer size-specific and region-specific credit divisions have been established, and they are able to promptly conduct specialized examinations depending on the characteristics of the customer and market, and provide business promotion divisions and branches with appropriate advice.

From the point of view of preventing the occurrence of new NPLs, particularly where there is a low credit rating indicating high downside risk, the business promotion division and branch work jointly with the credit divisions to clarify credit policy, and at the same time, work to provide support for the early revitalization of the customer.

## ○ Treatment of NPLs

Centralized management of recovery and final disposal of NPLs by a specialized division facilitate continued efforts to revitalize corporations and collect debts through a disposal of collateral.

The division works to strengthen management and collection systems and realize efficient and expeditious disposals by utilizing schemes for corporate revitalization including transfer of business and M&A, bulk sales of NPLs and working with the RCC.

Sohgo Saikenkaisyu Co., Ltd, a servicer of the group, mainly collects NPLs for the group banks and affiliated companies, and we intend to gradually expand the scope of collection services in the future and to consider accepting requests from non-group entities.

## ○ Activities in Corporate Revitalization

We consider support for corporate revitalization to be an important mission for a financial institution, and we are making our best efforts as a group to provide that.

MHCB established the Corporate Restructuring Business Unit in October 2002 and MHBK established the Business Advisory Office within the credit divisions in July 2002. We have concentrated all of our know-how and skills into the sections supporting corporate revitalization, which have actively supported such initiatives as restructuring of customers' businesses.

Also, in May 2003 we announced our Corporate Revitalization Project, a comprehensive effort of the group to support corporate revitalization. The subsidiary banks transferred loans made to customers requiring restructuring to subsidiaries specializing in corporate revitalization, and established an advisory company for corporate revitalization with the most advanced expertise. The objective of the project is realization of early corporate revitalization through the combination of internal and external know-hows (please see page 15 for more information on the Corporate Revitalization Project).

## ○ Status of Disclosed Claims under the FRL

### Disclosed Claims under the FRL (After Partial Direct Write-offs of Category IV Loans) (Consolidated)

	Billions of yen
At March 31,	2003
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	¥ 680.1
Claims with Collection Risk	1,300.7
Claims for Special Attention	2,883.6
<b>Total</b>	<b>¥ 4,864.6</b>
Note:	Billions of yen
	2003
Amount of Partial Direct Write-offs	¥ 1,832.8

### Disclosed Claims under the FRL and Coverage Amount (After Partial Direct Write-offs of Category IV Loans) (the Two Banks)

	Billions of yen		
At March 31,	2003	2002	Change
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	¥ 559.7	¥ 1,060.3	¥ (500.5)
Collateral, guarantees, and equivalent	483.2	930.1	(446.9)
Reserve for Possible Losses	76.5	130.2	(53.6)
Claims with Collection Risk	1,232.7	2,030.1	(797.3)
Collateral, guarantees, and equivalent	558.7	961.6	(402.8)
Reserve for Possible Losses	502.8	682.8	(180.0)
Claims for Special Attention	2,682.1	1,933.2	748.8
Collateral, guarantees, and equivalent	960.4	561.0	399.3
Reserve for Possible Losses	654.8	280.5	374.2
<b>Subtotal</b>	<b>4,474.6</b>	<b>5,023.7</b>	<b>(549.0)</b>
Collateral, guarantees, and equivalent	2,002.4	2,452.7	(450.3)
Reserve for Possible Losses	1,234.2	1,093.6	140.6
<b>Normal Claims</b>	<b>67,251.8</b>	<b>87,497.1</b>	<b>(20,245.2)</b>
<b>Total</b>	<b>¥ 71,726.5</b>	<b>¥ 92,520.9</b>	<b>¥ (20,794.3)</b>
Note:	Billions of yen		
	2003	2002	Change
Amount of Partial Direct Write-offs	¥ 1,432.4	¥ 2,519.3	¥ (1,086.9)

### Ratio of NPLs, and Normal Claims (After Partial Direct Write-offs of Category IV Loans) (the Two Banks)

At March 31,	2003	2002	Change
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent (1)	0.78%	1.14%	(0.36)
Claims with Collection Risk (2)	1.71	2.19	(0.47)
Claims for Special Attention (3)	3.73	2.08	1.64
<b>((1)+(2)+(3)) / Disclosed Claims under the FRL</b>	<b>6.23</b>	<b>5.42</b>	<b>0.80</b>
Normal Claims (4)	93.76	94.57	(0.81)
<b>((1)+(2)+(3)+(4)) / Disclosed Claims under the FRL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>/</b>

**Status of Coverage on Disclosed Claims under the FRL (the Two Banks)**

At March 31,	Billions of yen		
	2003	2002	Change
<b>Coverage Amount</b>	¥ 3,236.6	¥ 3,546.4	¥ (309.7)
Reserve for Possible Losses on Loans	1,211.4	1,061.2	150.1
Reserve for Possible Losses on Support of Specific Borrowers	22.8	32.4	(9.5)
Collateral and Guarantees, and equivalent	2,002.4	2,452.7	(450.3)
<b>Coverage Ratio (after Partial Direct Write-offs of Category IV Loans)</b>	<b>72.3%</b>	<b>70.6%</b>	<b>1.7%</b>
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	100.0	100.0	—
Claims with Collection Risk	86.1	81.0	5.1
Claims for Special Attention	60.2	43.5	16.7
<b>Coverage Ratio (before Partial Direct Write-offs of Category IV Loans)</b>	<b>79.0</b>	<b>80.4</b>	<b>(1.3)</b>
<b>Reserve Ratio against Non-collateralized Claims</b>			
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	100.0%	100.0%	—%
Claims with Collection Risk	74.6	63.9	10.7
Claims for Special Attention	38.0	20.4	17.6
(Reserve Ratio regarding Total Claims for Special Attention)	24.4	/	/
<b>Reserve Ratio regarding Other Claims</b>			
Claims against Watch Obligors excluding Claims for Special Attention	7.63%	4.56%	3.07%
Normal Claims	0.16	0.16	0.00

**(Reference) Disclosed Claims under the FRL (After Partial Direct Write-offs of Category IV Loans) (the Two Banks and MHTB)**

At March 31,	Billions of yen		
	2003	2002	Change
<b>Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent</b>	¥ 615.1	¥ 1,125.5	¥ (510.4)
Banking Account	603.9	1,100.3	(496.3)
Trust Account	11.1	25.2	(14.0)
<b>Claims with Collection Risk</b>	<b>1,265.0</b>	<b>2,224.8</b>	<b>(959.7)</b>
Banking Account	1,259.6	2,211.8	(952.1)
Trust Account	5.4	13.0	(7.5)
<b>Claims for Special Attention</b>	<b>2,905.7</b>	<b>2,167.4</b>	<b>738.2</b>
Banking Account	2,880.8	2,133.1	747.6
Trust Account	24.9	34.2	(9.3)
<b>Subtotal</b>	<b>4,785.9</b>	<b>5,517.8</b>	<b>(731.8)</b>
Banking Account	4,744.4	5,445.2	(700.8)
Trust Account	41.5	72.5	(31.0)
<b>Normal Claims</b>	<b>71,298.9</b>	<b>91,632.6</b>	<b>(20,333.6)</b>
Banking Account	70,616.7	90,787.6	(20,170.9)
Trust Account	682.1	844.9	(162.7)
<b>Total</b>	<b>76,084.8</b>	<b>97,150.4</b>	<b>(21,065.5)</b>
Banking Account	75,361.1	96,232.9	(20,871.7)
Trust Account	¥ 723.7	¥ 917.4	¥ (193.7)

Note:

	Billions of yen		
	2003	2002	Change
Amount of Partial Direct Write-offs	¥ 1,586.0	¥ 2,762.3	¥ (1,176.2)

**(Reference) Ratio of NPLs, and Normal Claims (After Partial Direct Write-offs of Category IV Loans) (the Two Banks and MHTB)**

At March 31,		2003	2002	Change
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	(1)	0.8%	1.1%	(0.3)
Claims with Collection Risk	(2)	1.6	2.2	(0.6)
Claims for Special Attention	(3)	3.8	2.2	1.5
<b>((1)+(2)+(3)) / Disclosed Claims under the FRL</b>		<b>6.2</b>	<b>5.6</b>	<b>0.6</b>
Normal Claims	(4)	93.7	94.3	(0.6)
<b>((1)+(2)+(3)+(4)) / Disclosed Claims under the FRL</b>		<b>100.0%</b>	<b>100.0%</b>	<b>/</b>

**(Reference) Disclosed Claims under the FRL (Banking Account) (the Two Banks and MHTB)**

At March 31,		2003	2002	Change
<b>Reserve Ratio against Non-collateralized Claims</b>				
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent		100.0%	100.0%	—
Claims with Collection Risk		74.5	64.9	9.6
Claims for Special Attention		37.9	20.9	17.0
(Claims against Other Watch Obligors)*		7.5%	4.6%	2.9

Note: \*Reserve Ratio regarding total claims.



○ **Status of Non-Accrual, Past Due & Restructured Loans (Consolidated)**

**[Banking Account]**

**Non-Accrual, Past Due & Restructured Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,			Billions of yen
	2003	2002	Change
Loans to Bankrupt Obligors	¥ 288.6	¥ 639.2	¥ (350.5)
Non-Accrual Delinquent Loans	1,598.5	2,698.5	(1,100.0)
Loans Past Due for 3 Months or More	50.6	69.7	(19.0)
Restructured Loans	2,832.0	2,059.6	772.4
<b>Total</b>	<b>¥ 4,769.9</b>	<b>¥ 5,467.2</b>	<b>¥ (697.2)</b>

Note:			Billions of yen
	2003	2002	Change
Amount of Partial Direct Write-offs	¥ 1,767.7	¥ 2,925.4	¥ (1,157.6)

**Ratio to Total Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,			Change
	2003	2002	
Loans to Bankrupt Obligors	0.41%	0.76%	(0.33)%
Non-Accrual Delinquent Loans	2.30	3.19	(0.88)
Loans Past Due for 3 Months or More	0.07	0.08	0.00
Restructured Loans	4.09	2.43	1.65
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans</b>	<b>6.89%</b>	<b>6.46%</b>	<b>0.42%</b>

**Status of Reserves for Possible Losses on Loans**

At March 31,			Billions of yen
	2003	2002	Change
<b>Reserves for Possible Losses on Loans</b> (After Partial Direct Write-offs of Category IV Loans)	<b>¥ 2,211.3</b>	<b>¥ 1,949.8</b>	<b>¥ 261.5</b>
General Reserve for Possible Losses on Loans	1,515.4	953.4	562.0
Specific Reserve for Possible Losses on Loans	678.5	962.4	(283.8)
Reserve for Possible Losses on Loans to Restructuring Countries	17.3	34.0	(16.6)
<b>Reserve for Possible Losses on Loans Sold</b>	<b>25.5</b>	<b>49.6</b>	<b>(24.0)</b>

Note:			Billions of yen
	2003	2002	Change
Amount of Partial Direct Write-offs (Specific Reserve for Possible Losses on Loans)	¥ 1,832.9	¥ 3,040.0	¥ (1,207.1)

**Reserve Ratios for Non-Accrual, Past Due & Restructured Loans**

At March 31,			Change
	2003	2002	
Before Partial Direct Write-offs of Category IV Loans	61.86%	59.46%	2.40%
After Partial Direct Write-offs of Category IV Loans	46.36	35.66	10.70

Note: Reserve ratio: (Reserve for Possible Losses on Loans + Reserve for Possible Losses on Support of Specific Borrowers) / Total Non-Accrual, Past Due & Restructured Loans.

**[Trust Account]****Non-Accrual, Past Due & Restructured Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,	Billions of yen		
	2003	2002	Change
Loans to Bankrupt Obligors	¥ 5.1	¥ 11.3	¥ (6.1)
Non-Accrual Delinquent Loans	12.5	30.0	(17.4)
Loans Past Due for 3 Months or More	0.7	0.9	(0.2)
Restructured Loans	23.0	30.1	(7.1)
<b>Total</b>	<b>¥ 41.5</b>	<b>¥ 72.5</b>	<b>¥ (31.0)</b>

**Ratio to Total Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,	2003	2002	Change
Loans to Bankrupt Obligors	0.71%	1.23%	(0.52)%
Non-Accrual Delinquent Loans	1.73	3.27	(1.53)
Loans Past Due for 3 Months or More	0.10	0.10	0.00
Restructured Loans	3.18	3.29	(0.10)
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans</b>	<b>5.74%</b>	<b>7.90%</b>	<b>(2.16)%</b>

**[Banking & Trust Account]****Non-Accrual, Past Due & Restructured Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,	Billions of yen		
	2003	2002	Change
Loans to Bankrupt Obligors	¥ 293.8	¥ 650.6	¥ (356.7)
Non-Accrual Delinquent Loans	1,611.1	2,728.6	(1,117.5)
Loans Past Due for 3 Months or More	51.4	70.6	(19.2)
Restructured Loans	2,855.1	2,089.8	765.2
<b>Total</b>	<b>¥ 4,811.4</b>	<b>¥ 5,539.7</b>	<b>¥ (728.2)</b>

**Ratio to Total Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,	2003	2002	Change
Loans to Bankrupt Obligors	0.42%	0.76%	(0.34)%
Non-Accrual Delinquent Loans	2.30	3.19	(0.88)
Loans Past Due for 3 Months or More	0.07	0.08	0.00
Restructured Loans	4.08	2.44	1.63
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans</b>	<b>6.88%</b>	<b>6.47%</b>	<b>0.40%</b>

○ **Status of Non-Accrual, Past Due & Restructured Loans (the Two Banks)**

**Non-Accrual, Past Due & Restructured Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,	Billions of yen		
	2003	2002	Change
Loans to Bankrupt Obligors	¥ 263.0	¥ 583.8	¥ (320.8)
Non-Accrual Delinquent Loans	1,454.0	2,390.6	(936.6)
Loans Past Due for 3 Months or More	47.9	67.7	(19.8)
Restructured Loans	2,634.1	1,865.5	768.6
<b>Total</b>	<b>¥ 4,399.2</b>	<b>¥ 4,907.8</b>	<b>¥ (508.6)</b>

Note:	Billions of yen		
	2003	2002	Change
Amount of Partial Direct Write-offs	¥ 1,377.9	¥ 2,414.9	¥ (1,036.9)

**Ratio to Total Loans** (After Partial Direct Write-offs of Category IV Loans)

At March 31,	2003	2002	Change
Loans to Bankrupt Obligors	0.40%	0.72%	(0.31)%
Non-Accrual Delinquent Loans	2.21	2.96	(0.74)
Loans Past Due for 3 Months or More	0.07	0.08	0.00
Restructured Loans	4.02	2.31	1.71
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans</b>	<b>6.71%</b>	<b>6.09%</b>	<b>0.62%</b>

## Status of Loan Loss Reserves

At March 31,				Billions of yen
		2003	2002	Change
<b>Reserve for Possible Losses on Loans (After Partial Direct Write-offs of Category IV Loans)</b>		<b>¥ 1,904.8</b>	<b>¥ 1,689.5</b>	<b>¥ 215.3</b>
General Reserve for Possible Losses on Loans				
Beginning Balance		770.9	560.3	210.6
	[Translation Difference of Foreign Exchange]	—	[(2.3)]	[2.3]
Increase		1,219.9	788.6	431.2
Decrease	Used for Original Purpose	0.0	—	0.0
	Others	770.9	560.3	210.6
Ending Balance		1,219.9	788.6	431.2
Specific Reserve for Possible Losses on Loans				
Beginning Balance		888.1	764.7	123.3
	[Translation Difference of Foreign Exchange]	—	[(1.7)]	[1.7]
Increase		668.4	869.3	(200.9)
Decrease	Used for Original Purpose	609.5	497.7	111.7
	Others	278.5	266.9	11.5
Ending Balance		668.4	869.3	(200.9)
Reserve for Possible Losses on Loans to Restructuring Countries				
Beginning Balance		30.3	26.2	4.1
	[Translation Difference of Foreign Exchange]	—	0.3	[(0.3)]
Increase		16.5	31.5	(15.0)
Decrease	Used for Original Purpose	—	—	—
	Others	30.3	26.2	4.1
Ending Balance		16.5	31.5	(15.0)
Total				
Beginning Balance		1,689.4	1,351.3	338.1
	[Translation Difference of Foreign Exchange]	—	[(3.7)]	[3.7]
Increase		1,904.8	1,689.5	215.3
Decrease	Used for Original Purpose	609.5	497.7	111.7
	Others	1,079.9	853.5	226.3
Ending Balance		1,904.8	1,689.5	215.3
<b>Reserve for Possible Losses on Support of Specific Borrowers</b>		<b>22.8</b>	<b>32.4</b>	<b>(9.5)</b>
<b>Reserve for Possible Losses on Loans Sold</b>		<b>24.9</b>	<b>48.2</b>	<b>(23.3)</b>
Loans to CCPC		26.8	82.3	(55.4)

Notes: 1.

				Billions of yen
		2003	2002	Change
Amount of Partial Direct Write-offs (Specific Reserve for Possible Losses on Loans)		¥ 1,432.5	¥ 2,519.3	¥ (1,086.8)

2. CCPC: Cooperative Credit Purchasing Company, Ltd.

## Reserve Ratios for Non-Accrual, Past Due & Restructured Loans

At March 31,				Change
		2003	2002	
Before Partial Direct Write-offs of Category IV Loans		58.16%	57.92%	0.24%
After Partial Direct Write-offs of Category IV Loans		43.81	35.09	8.73

Note: Reserve ratio: (Reserve for Possible Losses on Loans + Reserve for Possible Losses on Support of Specific Borrowers) / Total Non-Accrual, Past Due & Restructured Loans.

○ Status of Loans by Industry

Outstanding Loans by Industry (Consolidated)

At March 31,	2003	
	Outstanding Balance	Composition
<b>Domestic Total (excluding Loans Booked Offshore)</b>	<b>¥ 63,201.9</b>	<b>100.00%</b>
Manufacturing	9,380.0	14.84
Agriculture	67.5	0.11
Forestry	3.0	0.00
Fishery	9.8	0.02
Mining	124.0	0.20
Construction	2,173.6	3.44
Utilities	931.9	1.47
Communication	1,125.9	1.78
Transportation	2,977.7	4.71
Wholesale & Retail	8,171.1	12.93
Finance & Insurance	6,911.2	10.94
Real Estate	7,206.8	11.40
Service Industries	10,167.2	16.09
Local Government	271.8	0.43
Other	13,679.7	21.64
<b>Overseas Total (including Loans Booked Offshore)</b>	<b>6,008.1</b>	<b>100.00</b>
Governments	200.4	3.34
Financial Institutions	512.0	8.52
Other	5,295.5	88.14
<b>Total</b>	<b>¥ 69,210.0</b>	<b>—</b>

Notes: 1. Domestic Total: MHFG and its domestic consolidated subsidiaries (excluding their overseas offices).

Overseas Total: Overseas offices of MHFG's domestic consolidated subsidiaries and MHFG's overseas consolidated subsidiaries.

2. Since the "Japanese Standard Industry Categorization" was amended on March 7, 2002 by Bulletin no.139 of the Ministry of Public Management, Home Affairs, Posts and Telecommunications, and was applied from October 1, 2002, the amounts for each industry under "Domestic Total (excluding loans booked offshore)" at March 31, 2003 are given on the basis of the amended standard.

At March 31,	2002	
	Outstanding Balance	Composition
<b>Domestic Total (excluding Loans Booked Offshore)</b>	<b>¥ 74,060.6</b>	<b>100.00%</b>
Manufacturing	11,636.5	15.71
Agriculture	74.3	0.10
Forestry	3.3	0.00
Fishery	65.0	0.09
Mining	88.0	0.12
Construction	2,701.5	3.65
Utilities	1,294.6	1.75
Transportation & Communication	3,992.5	5.39
Wholesale, Retail & Restaurant	10,610.7	14.33
Finance & Insurance	8,930.1	12.06
Real Estate	8,660.4	11.69
Services	11,249.9	15.19
Local Government	242.3	0.33
Other	14,511.2	19.59
<b>Overseas Total (including Loans Booked Offshore)</b>	<b>10,532.9</b>	<b>100.00</b>
Governments	450.9	4.28
Financial Institutions	243.1	2.31
Other	9,838.9	93.41
<b>Total</b>	<b>¥ 84,593.6</b>	<b>—</b>

Note: Domestic Total: MHFG and its domestic consolidated subsidiaries (excluding their overseas offices).

Overseas Total: Overseas offices of MHFG's domestic consolidated subsidiaries and MHFG's overseas consolidated subsidiaries.

## Disclosed Claims under the FRL by Industry and Coverage Ratio (the Two Banks)

Billions of yen

At March 31,	2003	
	Disclosed Claims under the FRL	Coverage on Disclosed Claim under the FRL
<b>Domestic Total (excluding Loans Booked Offshore)</b>	<b>¥ 4,060.8</b>	<b>72.7%</b>
Manufacturing	661.6	72.4
Agriculture	2.2	90.2
Forestry	0.4	82.6
Fishery	0.0	100.0
Mining	3.5	112.4
Construction	372.0	79.3
Utilities	11.2	96.8
Communication	32.3	79.4
Transportation	97.5	78.5
Wholesale & Retail	956.6	69.0
Finance & Insurance	180.5	54.2
Real Estate	735.8	75.1
Service Industries	643.3	69.9
Local Government	0.3	66.3
Other	362.9	82.8
<b>Overseas Total (including Loans Booked Offshore)</b>	<b>413.8</b>	<b>67.7</b>
Governments	11.9	32.5
Financial Institutions	2.0	64.3
Other	399.8	68.8
<b>Total</b>	<b>¥ 4,474.6</b>	<b>72.3 %</b>

Note: Since the "Japanese Standard Industry Categorization" was amended on March 7, 2002 by Bulletin no.139 of the Ministry of Public Management, Home Affairs, Posts and Telecommunications, and was applied from October 1, 2002, "Disclosed Claims under the FRL by industry and Coverage Ratio" under "Domestic Total (excluding loans booked offshore)" at March 31, 2003 are given on the basis of the amended standard.

Billions of yen

At March 31,	2002	
	Disclosed Claims under the FRL	Coverage on Disclosed Claim under the FRL
<b>Domestic Total (excluding Loans Booked Offshore)</b>	<b>¥ 4,551.0</b>	<b>71.4 %</b>
Manufacturing	450.3	69.6
Agriculture	2.8	85.2
Forestry	0.4	75.8
Fishery	0.2	79.1
Mining	0.5	66.1
Construction	398.2	61.7
Utilities	11.2	88.6
Transportation & Communication	76.4	65.1
Wholesale, Retail & Restaurant	938.2	74.1
Finance & Insurance	408.3	70.6
Real Estate	1,160.7	74.5
Services	771.9	68.3
Local Government	0.3	44.5
Other	330.9	89.0
<b>Overseas Total (including Loans Booked Offshore)</b>	<b>472.6</b>	<b>63.6</b>
Governments	24.3	38.3
Financial Institutions	6.9	71.2
Other	441.2	65.0
<b>Total</b>	<b>¥ 5,023.7</b>	<b>70.6 %</b>

**Non-Accrual, Past Due and Restructured Loans by Industry (the Two Banks)**

At March 31,	Billions of yen 2003	At March 31,	Billions of yen 2002
<b>Domestic Total (excluding Loans Booked Offshore)</b>	<b>¥ 4,015.8</b>	<b>Domestic Total (excluding Loans Booked Offshore)</b>	<b>¥ 4,488.3</b>
Manufacturing	640.5	Manufacturing	429.8
Agriculture	2.2	Agriculture	2.8
Forestry	0.4	Forestry	0.4
Fishery	0.0	Fishery	0.2
Mining	2.9	Mining	0.5
Construction	366.9	Construction	380.6
Utilities	10.3	Utilities	10.3
Communication	31.1	Transportation & Communication	76.1
Transportation	97.2	Wholesale, Retail & Restaurant	933.3
Wholesale & Retail	952.0	Finance & Insurance	408.1
Finance & Insurance	180.4	Real Estate	1,159.6
Real Estate	731.8	Services	756.3
Service Industries	636.7	Local Government	0.3
Local Government	0.3	Others	329.4
Other	362.4		
<b>Overseas Total (including Loans Booked Offshore)</b>	<b>383.3</b>	<b>Overseas Total (including Loans Booked Offshore)</b>	<b>419.4</b>
Governments	11.9	Governments	21.3
Financial Institutions	1.2	Financial Institutions	4.4
Other	370.1	Others	393.6
<b>Total</b>	<b>¥ 4,399.2</b>	<b>Total</b>	<b>¥ 4,907.8</b>

Note: Since the "Japanese Standard Industry Categorization" was amended on March 7, 2002 by Bulletin no.139 of the Ministry of Public Management, Home Affairs, Posts and Telecommunications, and was applied from October 1, 2002, "Non-Accrual, Past Due and Restructured Loans by Industry" under "Domestic Total (excluding loans booked offshore)" at March 31, 2003 are given on the basis of the amended standard.



## ○ Status of Loans by Nationality of Borrowers

### Loans to Foreign Governments, and equivalent, by Country (Consolidated)

	Billions of yen		Billions of yen
At March 31,	2003	At March 31,	2002
Indonesia	¥ 73.6	Indonesia	¥ 198.7
Others (7 Countries)	4.6	Argentina	11.6
		Others (8 Countries)	2.2
<b>Total</b>	<b>¥ 78.2</b>	<b>Total</b>	<b>¥ 212.6</b>
(Ratio to Total Assets)	(0.05%)	(Ratio to Total Assets)	(0.14%)

Note: Loans are subject to Reserve for Possible Losses on Loans to Restructuring Countries.

### Balance of Loans to Restructuring Countries (the Two Banks)

	Billions of yen		
At March 31,	2003	2002	Change
<b>Loan Amount</b>	<b>¥ 89.4</b>	<b>¥ 165.5</b>	<b>¥ (76.1)</b>
<b>Number of Restructuring Countries</b>	<b>19</b>	<b>8</b>	<b>11</b>

Note: Loans are subject to Reserve for Possible Losses on Loans to Restructuring Countries under JICPA Banking Audit Committee Report No.4.

### Status of Loans by Nationality of Borrowers (the Two Banks)

	Billions of yen					
	2003		2002		Change	
At March 31,	Outstanding Balance	Non-Accrual, Past Due & Restructured Loans	Outstanding Balance	Non-Accrual, Past Due & Restructured Loans	Outstanding Balance	Non-Accrual, Past Due & Restructured Loans
<b>Asia</b>	<b>¥ 1,328.6</b>	<b>¥ 77.9</b>	<b>¥ 2,047.6</b>	<b>¥ 139.8</b>	<b>¥ (719.0)</b>	<b>¥ (61.9)</b>
Hong Kong	259.8	4.1	511.3	4.9	(251.5)	(0.7)
Thailand	223.9	17.4	340.5	37.8	(116.6)	(20.4)
China	202.5	5.9	243.2	7.6	(40.6)	(1.6)
Singapore	160.2	4.1	164.5	4.6	(4.3)	(0.5)
Republic of Korea	112.1	0.6	213.8	3.8	(101.7)	(3.1)
Indonesia	111.7	39.4	182.0	59.8	(70.2)	(20.4)
<b>Central and South America</b>	<b>801.5</b>	<b>37.4</b>	<b>294.7</b>	<b>22.1</b>	<b>506.8</b>	<b>15.2</b>
Mexico	63.1	—	92.1	0.8	(29.0)	(0.8)
Brazil	44.4	1.2	41.2	—	3.1	1.2
Argentina	15.0	6.1	30.4	19.1	(15.4)	(12.9)
<b>North America</b>	<b>2,647.9</b>	<b>268.0</b>	/	/	/	/
<b>Eastern Europe</b>	<b>64.0</b>	<b>3.3</b>	/	/	/	/
<b>Western Europe</b>	<b>961.1</b>	<b>18.7</b>	/	/	/	/
<b>Others</b>	<b>521.3</b>	<b>32.5</b>	/	/	/	/
<b>Total</b>	<b>¥ 6,324.6</b>	<b>¥ 438.1</b>	/	/	/	/

○ Results of Removal of NPLs from the Balance Sheet (Aggregated Figures of the Two Banks)

**Outstanding Balances of Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk (under the FRL)**

	Billions of yen						
	September 30, 2000	March 31, 2001	September 30, 2001	March 31, 2002	September 30, 2002 (a)	March 31, 2003 (b)	Change (b)-(a)
<b>Amount Categorized as Problem Assets before September 30, 2000</b>	<b>¥ 2,465.4</b>	<b>¥ 1,744.8</b>	<b>¥ 1,391.7</b>	<b>¥ 812.6</b>	<b>¥ 585.9</b>	<b>¥ 142.2</b>	<b>¥ (443.7)</b>
<i>of which the amount which was in the process of being removed from the balance sheet</i>					240.8	93.0	(147.7)
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	1,039.9	663.8	609.3	398.6	314.7	100.3	(214.4)
Claims with Collection Risk	1,425.5	1,080.9	782.3	414.0	271.2	41.9	(229.2)
<b>Amount Newly Categorized as Problem Assets during the Second Half of Fiscal 2000</b>		<b>673.9</b>	<b>481.8</b>	<b>311.6</b>	<b>247.9</b>	<b>101.1</b>	<b>(146.7)</b>
<i>of which the amount which was in the process of being removed from the balance sheet</i>					43.7	23.6	(20.0)
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent		141.9	77.7	88.7	61.8	32.3	(29.5)
Claims with Collection Risk		531.9	404.0	222.6	186.0	68.8	(117.2)
<b>Amount Newly Categorized as Problem Assets during the First Half of Fiscal 2001</b>			<b>1,187.3</b>	<b>770.3</b>	<b>581.0</b>	<b>298.1</b>	<b>(282.8)</b>
<i>of which the amount which was in the process of being removed from the balance sheet</i>					192.7	130.7	(61.9)
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent			257.1	267.4	223.1	149.6	(73.5)
Claims with Collection Risk			930.1	502.7	357.8	148.5	(209.2)
<b>Amount Newly Categorized as Problem Assets during the Second Half of Fiscal 2001</b>				<b>1,195.6</b>	<b>651.0</b>	<b>231.2</b>	<b>(419.8)</b>
<i>of which the amount which was in the process of being removed from the balance sheet</i>					159.4	86.4	(72.9)
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent				305.1	166.8	122.2	(44.5)
Claims with Collection Risk				890.3	484.2	108.9	(375.2)
<b>Amount Newly Categorized as Problem Assets during the First Half of Fiscal 2002</b>					<b>581.5</b>	<b>224.0</b>	<b>(357.5)</b>
<i>of which the amount which was in the process of being removed from the balance sheet</i>					70.7	42.7	(27.9)
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent					82.1	68.1	(13.9)
Claims with Collection Risk					499.4	155.8	(343.5)
<b>Amount Newly Categorized as Problem Assets during the Second Half of Fiscal 2002</b>						<b>795.6</b>	<b>/</b>
<i>of which the amount which was in the process of being removed from the balance sheet</i>						54.9	/
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent						87.0	/
Claims with Collection Risk						708.6	/
<b>Total</b>	<b>¥ 2,465.4</b>	<b>¥ 2,418.7</b>	<b>¥ 3,060.8</b>	<b>¥ 3,090.1</b>	<b>¥ 2,647.6</b>	<b>¥ 1,792.5</b>	<b>¥ (855.0)</b>
<i>of which the amount which was in the process of being removed from the balance sheet</i>					707.3	431.6	(275.6)
Claims against Bankrupt and Substantially Bankrupt Obligors, and equivalent	1,039.9	805.7	944.1	1,059.8	848.8	559.7	(289.0)
Claims with Collection Risk	1,425.5	1,612.8	2,116.4	2,029.6	1,798.7	1,232.7	(565.9)

### Progress in Removal of Problem Assets from the Balance Sheet (Accumulated Removal Amount and Removal Ratio)

Billions of yen

	Amount	Balance at end of Fiscal 2002	Accumulated Removal Amount	Accumulated Removal Ratio (%)	*Modified Accumulated Removal Ratio (%)	Target of the Emergency Economic Policy Package
As of September 30, 2000	¥ 2,465.4	¥ 142.2	¥ (2,323.1)	94.2%	98.0%	Almost Completed
Second Half of Fiscal 2000	673.9	101.1	(572.7)	84.9	88.4	> more than 80%
First Half of Fiscal 2001	1,187.3	298.1	(889.1)	74.8	85.8	> more than 50%
Second Half of Fiscal 2001	1,195.6	231.2	(964.3)	80.6	87.8	> more than 50%
First Half of Fiscal 2002	581.5	224.0	(357.4)	61.4	68.8	/
Second Half of Fiscal 2002	795.6	795.6	/	/	/	/
<b>Total</b>	<b>¥ 6,899.4</b>	<b>¥ 1,792.5</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>/</b>

Note: \*Modified accumulated removal ratios are based on the accumulated removal amount including the amount which was in the process of being removed from the balance sheet.

Under the government's Emergency Economic Policy Package announced in April 2001, major banks are required to remove Claims against Intensive Control Obligors or worse (under the FRL, Claims with Collection Risk or worse claims) from their balance sheets by the end of March 2003 for claims originated before the first half of 2000. For new claims, half are required to be removed within one year, 80% within two years and complete removal is required within three years.

Therefore, we have proceeded with thorough collection and final disposal of NPLs as well as improvement of classifications by corporate revitalization.

The results of removal were approximately ¥1.7 trillion in fiscal 2001 and approximately ¥2.7 trillion in fiscal 2002. As a result, based on the Emergency Economic Policy Package, the removal ratio for loans due for disposal by the end of March 2003 was 98%, including the amount which was in the process of being removed from the balance sheet, and removal from the balance sheet is almost complete.

In the future we will proceed with removal ahead of the schedule specified by the Emergency Economic Policy Package and reduce the balance of NPLs.

# Financial Analysis of Mizuho Improvement of Asset Quality

## Breakdown of Reasons for Removal of Problem Assets from the Balance Sheet

	Problem Assets Newly Categorized as Problem Assets					Amount Removed from BS in the Second Half of FY2002
	Accumulated as of September 30, 2000	In the Second Half of FY2000	In the First Half of FY2001	In the Second Half of FY2001	In the First Half of FY2002	
Liquidation	¥ (89.9)	¥ (36.0)	¥ (0.7)	¥ (33.9)	¥ (2.2)	¥ (162.9)
Restructuring	(38.8)	(4.4)	(40.0)	(189.6)	(37.3)	(310.3)
Improvement in Business Performance due to Restructuring	(57.0)	—	(0.7)	—	—	(57.8)
Securitization	(906.3)	(129.2)	(144.4)	(195.7)	(170.6)	(1,546.4)
Direct Write-off	780.3	52.8	(23.5)	102.8	12.5	924.9
Other	(131.7)	(29.9)	(73.1)	(103.3)	(159.7)	(498.0)
Debt Recovery	(80.1)	(26.9)	(65.2)	(82.9)	(88.5)	(343.7)
Improvement in Business Performance	(51.6)	(3.0)	(7.9)	(20.4)	(71.2)	(154.3)
<b>Total</b>	<b>¥ (443.7)</b>	<b>¥ (146.7)</b>	<b>¥ (282.8)</b>	<b>¥ (419.8)</b>	<b>¥ (357.5)</b>	<b>¥ (1,650.7)</b>

## (Reference) Breakdown of Accumulated Amount Removed from the Balance Sheet

	Breakdown of Amount Removed					Accumulated from Second Half of Fiscal 2000
	Second Half of Fiscal 2000	First Half of Fiscal 2001	Second Half of Fiscal 2001	First Half of Fiscal 2002	Second Half of Fiscal 2002	
Liquidation	¥ (218.3)	¥ (146.6)	¥ (124.0)	¥ (186.8)	¥ (162.9)	¥ (838.6)
Restructuring	(45.8)	(308.2)	(47.1)	(235.0)	(310.3)	(946.4)
Improvement in Business Performance due to Restructuring	/	(9.9)	(4.6)	(28.5)	(57.8)	(100.8)
Securitization	(169.1)	(221.1)	(274.8)	(232.1)	(1,546.4)	(2,443.5)
Direct Write-off	41.1	448.2	(135.3)	329.0	924.9	1,607.9
Other	(328.2)	(306.7)	(579.2)	(670.1)	(498.0)	(2,382.2)
Debt Recovery	/	(283.0)	(453.0)	(368.8)	(343.7)	(1,448.5)
Improvement in Business Performance	/	(23.5)	(125.9)	(301.1)	(154.3)	(604.8)
<b>Total</b>	<b>¥ (720.7)</b>	<b>¥ (545.0)</b>	<b>¥ (1,166.0)</b>	<b>¥ (1,024.3)</b>	<b>¥ (1,650.7)</b>	<b>¥ (5,106.7)</b>

## Write-offs of Loans (the Two Banks)

At March 31,	2003	2002	Change
Write-offs of Loans	¥ 652.1	¥ 1,083.2	¥ (431.1)

## Principal Amounts of NPLs Sold (the Two Banks)

At March 31,	2003	2002	Change
Principal Amounts of NPLs Sold	¥ 1,916.4	¥ 573.8	¥ 1,342.6
Sales of Loans to RCC	604.7	19.9	584.8
Other Sales	1,311.6	553.8	757.8

## Debt Forgiveness (the Two Banks)

At March 31,	2003	2002	Change
Number of Cases of Forgiveness	19	11	8
Book Value	¥ 282.6	¥ 114.5	¥ 168.1

***Financial Data of Mizuho Financial Group, Inc.***

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## Shin Nihon & Co.

The Board of Directors  
Mizuho Financial Group, Inc.

We have audited the accompanying consolidated balance sheet of Mizuho Financial Group, Inc. and consolidated subsidiaries (the "Company") as of March 31, 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mizuho Financial Group, Inc. and consolidated subsidiaries at March 31, 2003, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.



Shin Nihon & Co.

June 25, 2003

Financial Data of Mizuho Financial Group, Inc.  
**Consolidated Balance Sheet**

At March 31, 2003	Millions of yen	Thousands of U.S. dollars (Note 1)
<b>Assets</b>		
Cash and Due from Banks (Notes 12 and 37)	¥ 7,849,717	\$ 65,305,469
Call Loans and Bills Purchased (Note 12)	641,908	5,340,340
Receivables under Resale Agreements	3,736,424	31,085,061
Guarantee Deposit Paid under Securities Borrowing Transactions	6,297,721	52,393,693
Other Debt Purchased (Note 37)	1,209,540	10,062,730
Trading Assets (Notes 4, 12 and 37)	9,919,083	82,521,489
Money Held in Trust (Note 37)	33,540	279,043
Securities (Notes 5, 12 and 37)	23,816,574	198,141,219
Loans and Bills Discounted (Notes 6 and 12)	69,210,035	575,790,644
Foreign Exchange Assets (Notes 7 and 12)	720,519	5,994,337
Other Assets (Notes 8 and 12)	4,904,656	40,804,131
Premises and Equipment (Notes 9, 12 and 24)	1,632,851	13,584,457
Deferred Debenture Charges (Note 10)	1,041	8,661
Deferred Tax Assets (Note 34)	2,130,243	17,722,491
Customers' Liabilities for Acceptances and Guarantees (Note 23)	4,145,411	34,487,615
Reserve for Possible Losses on Loans (Note 11)	(2,211,366)	(18,397,392)
Reserve for Possible Losses on Investments	(5,156)	(42,898)
<b>Total Assets</b>	<b>¥ 134,032,747</b>	<b>\$ 1,115,081,090</b>
<b>Liabilities, Minority Interests and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits (Notes 12 and 13)	¥ 72,222,642	\$ 600,853,928
Debentures (Note 14)	11,696,391	97,307,747
Call Money and Bills Sold (Notes 12 and 15)	11,185,809	93,059,981
Payables under Repurchase Agreements (Note 12)	8,209,283	68,296,864
Guarantee Deposit Received under Securities Lending Transactions (Note 12)	4,140,383	34,445,784
Commercial Paper (Note 16)	627,400	5,219,634
Trading Liabilities (Note 4)	6,278,262	52,231,804
Borrowed Money (Notes 12 and 17)	1,454,826	12,103,382
Foreign Exchange Liabilities (Note 7)	190,878	1,588,009
Bonds and Notes (Note 18)	2,468,606	20,537,488
Bonds with Stock Options (Note 19)	3,858	32,104
Due to Trust Accounts	1,489,463	12,391,543
Other Liabilities (Note 20)	5,526,554	45,977,992
Reserve for Bonus Payments	36,969	307,567
Reserve for Employee Retirement Benefits (Note 21)	26,562	220,989
Reserve for Possible Losses on Loans Sold	25,561	212,661
Reserve for Contingencies (Note 22)	141,124	1,174,078
Reserve under Special Laws (Note 22)	884	7,356
Deferred Tax Liabilities (Note 34)	4,276	35,576
Deferred Tax Liabilities for Revaluation Reserve for Land (Note 24)	258,515	2,150,711
Acceptances and Guarantees (Note 23)	4,145,411	34,487,615
<b>Total Liabilities</b>	<b>130,133,666</b>	<b>1,082,642,813</b>
<b>Minority Interests</b>	<b>1,038,013</b>	<b>8,635,723</b>
<b>Shareholders' Equity</b>		
Common Stock and Preferred Stock (Note 25)	1,540,965	12,820,008
Capital Surplus	2,599,552	21,626,893
Retained Earnings (Deficit)	(1,404,992)	(11,688,790)
Revaluation Reserve for Land, net of Taxes (Note 24)	380,120	3,162,402
Net Unrealized Losses on Other Securities, net of Taxes (Note 37)	(24,600)	(204,667)
Foreign Currency Translation Adjustments	(95,786)	(796,896)
Treasury Stock	(134,190)	(1,116,396)
<b>Total Shareholders' Equity</b>	<b>2,861,066</b>	<b>23,802,554</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>¥ 134,032,747</b>	<b>\$ 1,115,081,090</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.



Financial Data of Mizuho Financial Group, Inc.  
**Consolidated Statement of Operations**

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars (Note 1)
<b>Income</b>		
Interest Income (Note 26)	¥ 1,991,236	\$ 16,566,030
Fiduciary Income	55,460	461,400
Fee and Commission Income	490,182	4,078,054
Trading Income (Note 27)	244,524	2,034,317
Other Operating Income (Note 28)	416,972	3,468,988
Other Income (Note 29)	243,434	2,025,241
<b>Total Income</b>	<b>3,441,810</b>	<b>28,634,030</b>
<b>Expenses</b>		
Interest Expenses (Note 26)	734,859	6,113,641
Fee and Commission Expenses	79,647	662,621
Other Operating Expenses (Note 30)	150,217	1,249,733
General and Administrative Expenses	1,237,641	10,296,516
Other Expenses (Note 31)	3,501,617	29,131,590
<b>Total Expenses</b>	<b>5,703,982</b>	<b>47,454,101</b>
<b>Loss before Income Taxes and Minority Interests</b>	<b>(2,262,172)</b>	<b>(18,820,071)</b>
Income Taxes:		
Current	22,288	185,431
Deferred	30,505	253,791
Minority Interests in Net Loss	62,205	517,512
<b>Net Loss</b>	<b>¥ (2,377,172)</b>	<b>\$ (19,776,805)</b>

At March 31, 2003

<b>Per Share of Common Stock</b>	Yen	U.S. dollars (Note 1)
Shareholders' Equity	¥ (20,376.71)	\$ (169.52)
Net Loss:		
Basic	(254,524.65)	(2,117.51)
Diluted	—	—
Cash Dividends	—	—

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## Consolidated Statement of Shareholders' Equity

Millions of yen

For the Fiscal Year ended March 31, 2003	Common Stock and Preferred Stock	Capital Surplus	Retained Earnings (Deficit)	Revaluation Reserve for Land	Net Unrealized Losses on Other Securities, net of Taxes	Foreign Currency Translation Adjustments	Treasury Stock	Total Shareholders' Equity
<b>Balance at April 1, 2002</b>	<b>¥ 2,572,000</b>	<b>¥ 353,765</b>	<b>¥ 997,265</b>	<b>¥ 422,786</b>	<b>¥ (558,485)</b>	<b>¥ (69,121)</b>	<b>¥ (1,255)</b>	<b>¥ 3,716,954</b>
Transfer from Revaluation Reserve for Land	—	—	29,899	(29,899)	—	—	—	—
Effect of the Change in Foreign Exchange Rate	—	—	—	—	—	(26,665)	—	(26,665)
Net Change in Unrealized Losses on Other Securities, net of Taxes	—	—	—	—	533,884	—	—	533,884
Transfer to Deferred Tax Liabilities Related to Land Revaluation	—	—	—	(12,766)	—	—	—	(12,766)
Cash Dividends	—	—	(54,985)	—	—	—	—	(54,985)
Bonuses to Directors and Statutory Auditors	—	—	(0)	—	—	—	—	(0)
Net Loss	—	—	(2,377,172)	—	—	—	—	(2,377,172)
Treasury Stock Transactions	—	—	—	—	—	—	(113)	(113)
Issuance of Preferred Stock	540,965	540,965	—	—	—	—	—	1,081,930
Effect of the Business Reorganization on March 12, 2003	(1,572,000)	1,704,822	—	—	—	—	(132,822)	—
<b>Balance at March 31, 2003</b>	<b>¥ 1,540,965</b>	<b>¥ 2,599,552</b>	<b>¥(1,404,992)</b>	<b>¥ 380,120</b>	<b>¥ (24,600)</b>	<b>¥ (95,786)</b>	<b>¥(134,190)</b>	<b>¥ 2,861,066</b>

Thousands of U.S. dollars

For the Fiscal Year ended March 31, 2003	Common Stock and Preferred Stock	Capital Surplus	Retained Earnings (Deficit)	Revaluation Reserve for Land	Net Unrealized Losses on Other Securities, net of Taxes	Foreign Currency Translation Adjustments	Treasury Stock	Total Shareholders' Equity
<b>Balance at April 1, 2002</b>	<b>\$ 21,397,670</b>	<b>\$ 2,943,140</b>	<b>\$ 8,296,719</b>	<b>\$ 3,517,361</b>	<b>\$ (4,646,303)</b>	<b>\$ (575,056)</b>	<b>\$ (10,445)</b>	<b>\$ 30,923,086</b>
Transfer from Revaluation Reserve for Land	—	—	248,749	(248,749)	—	—	—	—
Effect of the Change in Foreign Exchange Rate	—	—	—	—	—	(221,840)	—	(221,840)
Net Change in Unrealized Losses on Other Securities, net of Taxes	—	—	—	—	4,441,636	—	—	4,441,636
Transfer to Deferred Tax Liabilities Related to Land Revaluation	—	—	—	(106,210)	—	—	—	(106,210)
Cash Dividends	—	—	(457,451)	—	—	—	—	(457,451)
Bonuses to Directors and Statutory Auditors	—	—	(2)	—	—	—	—	(2)
Net Loss	—	—	(19,776,805)	—	—	—	—	(19,776,805)
Treasury Stock Transactions	—	—	—	—	—	—	(942)	(942)
Issuance of Preferred Stock	4,500,541	4,500,541	—	—	—	—	—	9,001,082
Effect of the Business Reorganization on March 12, 2003	(13,078,203)	14,183,212	—	—	—	—	(1,105,009)	—
<b>Balance at March 31, 2003</b>	<b>\$ 12,820,008</b>	<b>\$ 21,626,893</b>	<b>\$ (11,688,790)</b>	<b>\$ 3,162,402</b>	<b>\$ (204,667)</b>	<b>\$ (796,896)</b>	<b>\$ (1,116,396)</b>	<b>\$ 23,802,554</b>

Notes: A. The balance of Capital Surplus at April 1, 2002 includes a decrease of ¥1,849,982 million (\$15,390,870 thousand) arising from the corporate split and merger process of DKB, Fuji Bank and IBI which took place on that date (the Combination and Reorganization).

B. The balance of Retained Earnings at April 1, 2002 includes an increase of ¥896,131 million (\$7,455,341 thousand) arising from the corporate split and merger process of DKB, Fuji Bank and IBI which took place on that date (the Combination and Reorganization).

Financial Data of Mizuho Financial Group, Inc.  
**Consolidated Statement of Cash Flows**

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars (Note 1)
<b>I. Cash Flows from Operating Activities</b>		
Loss before Income Taxes and Minority Interests	¥ (2,262,172)	\$ (18,820,071)
Depreciation	144,182	1,199,521
Amortization of Consolidation Differences	68,597	570,694
Equity in Losses from Investments in Affiliates	3,491	29,051
Increase in Reserve for Possible Losses on Loans	263,907	2,195,571
Decrease in Reserve for Possible Losses on Investments	(1,682)	(13,994)
Decrease in Reserve for Possible Losses on Loans Sold	(24,085)	(200,377)
Increase in Reserve for Contingencies	6,920	57,574
Increase in Reserve for Bonus Payments	15,167	126,188
Decrease in Reserve for Employee Retirement Benefits	(36,501)	(303,670)
Interest Income—accrual basis	(1,991,236)	(16,566,030)
Interest Expenses—accrual basis	734,859	6,113,641
Losses on Securities	708,795	5,896,799
Losses from Money Held in Trust	988	8,220
Foreign Exchange Losses—Net	116,110	965,975
Losses on Disposal of Premises and Equipment	100,818	838,756
Gains on Establishment of Retirement Benefit Trusts	(43,847)	(364,792)
Net Increase in Trading Assets	(2,111,812)	(17,569,158)
Net Increase in Trading Liabilities	1,508,735	12,551,880
Net Decrease in Loans and Bills Discounted	15,264,686	126,994,067
Net Decrease in Deposits	(13,346,746)	(111,037,826)
Net Decrease in Debentures (excluding Subordinated Debentures)	(3,614,499)	(30,070,711)
Net Increase in Borrowed Money (excluding Subordinated Borrowed Money)	23,356	194,315
Net Decrease in Due from Banks (excluding Deposits with Central Banks)	1,027,730	8,550,168
Net Increase in Call Loans	(2,509,156)	(20,874,849)
Net Decrease in Cash Placed as Collateral on Securities Borrowed	3,313,727	27,568,449
Net Increase in Guarantee Deposits Paid under Securities Borrowing Transactions	(6,297,721)	(52,393,693)
Net Increase in Call Money	5,294,445	44,046,964
Net Decrease in Commercial Paper	(77,856)	(647,727)
Net Decrease in Cash Received as Collateral for Securities Lent	(4,050,050)	(33,694,263)
Net Increase in Guarantee Deposits Received under Securities Lending Transactions	4,140,383	34,445,784
Net Decrease in Foreign Exchange Assets	463,947	3,859,794
Net Decrease in Foreign Exchange Liabilities	(517,285)	(4,303,537)
Net Decrease in Issuance, Redemption of Bonds and Notes	(50,228)	(417,873)
Net Decrease in Due to Trust Accounts	(286,941)	(2,387,200)
Interest Income—cash basis	2,085,777	17,352,562
Interest Expenses—cash basis	(844,916)	(7,029,254)
Other—net	671,265	5,584,569
Subtotal	(2,108,846)	(17,544,483)
Cash Paid in Income Taxes	(87,315)	(726,421)
<b>Net Cash Used in Operating Activities</b>	<b>¥ (2,196,162)</b>	<b>\$ (18,270,904)</b>

	Millions of yen	Thousands of U.S. dollars (Note 1)
<b>II. Cash Flows from Investing Activities</b>		
Payments for Purchase of Securities	¥ (59,435,925)	\$ (494,475,257)
Proceeds from Sale of Securities	48,003,018	399,359,558
Proceeds from Redemption of Securities	11,261,664	93,691,050
Payments for Increase in Money Held in Trust	(20,364)	(169,424)
Proceeds from Decrease in Money Held in Trust	54,340	452,086
Payments for Purchase of Premises and Equipment	(94,326)	(784,750)
Proceeds from Sale of Premises and Equipment	25,257	210,129
<b>Net Cash Used in Investing Activities</b>	<b>(206,336)</b>	<b>(1,716,608)</b>
<b>III. Cash Flows from Financing Activities</b>		
Proceeds from Issuance of Subordinated Borrowed Money	243,000	2,021,631
Repayments for Subordinated Borrowed Money	(1,335,000)	(11,106,489)
Proceeds from Issuance of Subordinated Bonds, Notes and Bonds with Stock Options	75,000	623,960
Redemption of Subordinated Bonds, Notes and Bonds with Stock Options	(485,778)	(4,041,416)
Proceeds from Issuance of Stocks	1,081,930	9,001,082
Proceeds from Investments in Minority Interests	118,500	985,857
Dividends Paid	(54,985)	(457,451)
Dividends Paid to Minority Interests	(36,424)	(303,033)
Purchase of Treasury Stock	(263)	(2,192)
<b>Net Cash Used in Financing Activities</b>	<b>(394,021)</b>	<b>(3,278,051)</b>
<b>IV. Effects of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>72</b>	<b>604</b>
<b>V. Net Decrease in Cash and Cash Equivalents</b>	<b>(2,796,448)</b>	<b>(23,264,959)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Year</b>	<b>9,847,366</b>	<b>81,924,845</b>
<b>VII. Net Decrease in Cash and Cash Equivalents Resulted from Exclusion of Subsidiaries from the Scope of Consolidation</b>	<b>(2,413)</b>	<b>(20,076)</b>
<b>VIII. Cash and Cash Equivalents at the End of the Year (Note 32)</b>	<b>¥ 7,048,505</b>	<b>\$ 58,639,810</b>

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## Notes to Consolidated Financial Statements

### 1. Basis of Presentation

Mizuho Financial Group, Inc. ("MHFG") is a holding company and conducts its operations through Mizuho Holdings, Inc. ("MHHD") and other subsidiaries and affiliates. MHFG was incorporated on January 8, 2003 and became the parent of MHHD and other subsidiaries on March 12, 2003, pursuant to the business reorganization (the "Business Reorganization") described in Note 2 (3). Reference herein to MHFG, refers to Mizuho Financial Group, Inc. with respect to the period following the Business Reorganization, and to Mizuho Holdings, Inc. with respect to the period prior to the Business Reorganization.

The accompanying consolidated financial statements have been prepared from the accounts maintained by MHFG and its consolidated subsidiaries in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"). Japanese GAAP may differ to some degree from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau are reclassified for the convenience of readers outside Japan. In addition, the Consolidated Statement of Shareholders' Equity is presented and included in the consolidated financial statements, though it is not required to be filed with the Director of the Kanto Finance Bureau. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

### 2. Principles of Consolidation

#### (1) Scope of Consolidation

The consolidated financial statements include the accounts of MHFG and its subsidiaries (collectively, the "Group"), including Mizuho Corporate Bank, Ltd. ("MHCB"), Mizuho Bank, Ltd. ("MHBK"), Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd. and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2003 was 138. The consolidated financial statements for the fiscal year ended March 31, 2003 ("Fiscal 2002") do not include the accounts of ONKD, Inc., and other subsidiaries, as they are considered immaterial in terms of the respective group ownerships of Total Assets and Net Income / Loss and Retained Earnings.

The number of affiliates accounted for under the equity method as of March 31, 2003 was 33. Investments in affiliates include The Chiba Kogyo Bank, Ltd., Shinko Securities Co., Ltd, Japan Mortgage Co., Ltd., Fuyo General Lease Co., Ltd. and IBI Leasing Co., Ltd. and other affiliates. Non-consolidated subsidiaries, including ONKD, Inc. and certain affiliates, are not accounted for under the equity method, as they are not significant for the consolidated financial statements of MHFG.

On consolidation, significant intercompany accounts and transactions have been eliminated. In addition, all significant unrealized profit included in assets resulting from transactions within the Group has also been eliminated.

The accounting standard for consolidated financial statements requires a company to consolidate all subsidiaries of which the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

#### (2) Year-end Dates of Consolidated Subsidiaries

The accompanying consolidated financial statements include the accounts of subsidiaries whose fiscal year-ends are other than March 31. Fiscal year-ends of such subsidiaries are principally December 31.

Consolidated subsidiaries with fiscal year-ends of the day before the last business day of June, October 31, or November 30 performed tentative closings and prepared financial statements as of and for the period ended December 31.

Other consolidated subsidiaries are consolidated based on their respective fiscal year-ends after making necessary adjustments for significant transactions recorded during the period between these subsidiaries' fiscal year-ends and the date of the consolidated financial statements.

#### (3) Combinations and Reorganizations

On September 29, 2000, The Dai-ichi Kangyo Bank, Limited ("DKB"), The Fuji Bank, Limited ("Fuji Bank") and The Industrial Bank of Japan, Limited ("IBJ") (collectively, the "Three Banks") established MHHD by way of stock transfers ("*kabushiki-iten*"). As a result of this transaction, each of the Three Banks has become a wholly-owned subsidiary of MHHD.

The formation of MHHD and the stock-for-stock transfers of the Three Banks ( the " Initial Combination " ) were accounted for using the pooling-of-interests method in accordance with " Accounting for the Consolidation of a Holding Company Established by Stock Exchange or Stock Transfers " ( JICPA Accounting Committee Research Report No. 6 ) and, as such, the assets and liabilities of the Three Banks were combined at book value.

On April 1, 2002, the Three Banks were combined and reorganized ( the " Combination and Reorganization " ) into two banks, MHCN and MHBK, by means of corporate split and merger. As a result of the Combination and Reorganization, MHFG's capital surplus decreased by ¥1,849,982 million and retained earnings increased by ¥896,131 million. The decrease in capital surplus and the increase in retained earnings were reflected in the April 1, 2002 balances shown in the statement of shareholders' equity.

On January 8, 2003, MHFG was incorporated and a stock-for-stock exchange ( " *kabushiki-kokan* " ) was carried out by and between MHHD and MHFG on March 12, 2003, as a result of which MHHD became a wholly-owned subsidiary of MHFG. In the Business Reorganization, certain subsidiaries of MHHD, MHCN and MHBK such as trust banking subsidiaries were transferred to MHFG primarily by means of corporate splits. The Business Reorganization was accounted for using the pooling-of-interests method in accordance with the JICPA Accounting Committee Research Report No. 6.

#### **(4) Amortization of Difference between Cost and Underlying Interests**

In principle, the difference between the fair value of net assets and the cost of the acquired subsidiary is being amortized over a period within 20 years from the date of acquisition, and the unamortized balance is recorded as " Consolidation Differences " on the Consolidated Balance Sheet. If these amounts have no material impact on the consolidated financial statements of MHFG, they are charged or credited to income in the year of acquisition.

### **3. Summary of Significant Accounting Policies**

#### **(1) Trading Assets and Trading Liabilities**

Trading transactions intended to take advantage of short-term fluctuations and arbitrage opportunities in interest rates, currency exchange rates, market prices of securities and related indices are recognized on a trade date basis and recorded in Trading Assets or Trading Liabilities on the Consolidated Balance Sheet.

Securities and other short-term credit instruments held for trading purposes are stated at fair value at the balance sheet date. Derivative financial products, such as swaps, forward contracts and option transactions, are stated at their fair values, assuming that such transactions were terminated and settled at the balance sheet date.

Trading Income and Trading Expenses include the interest received and interest paid during the fiscal year, the gains or losses resulting from any change in the value of securities and monetary claims between the beginning and the end of the fiscal year and the gains or losses resulting from any change in the value of financial derivatives between the beginning and the end of the fiscal year, assuming they were settled at the end of the fiscal year.

#### **(2) Securities**

In accordance with the Accounting Standard for Financial Instruments ( the Business Accounting Deliberation Council, January 1998 ), MHFG classifies securities into three categories based upon management's intent. These securities are accounted for as follows:

- (i) Trading securities are carried at market value and included in Trading Assets.
- (ii) Bonds held to maturity are stated at amortized cost as determined by the moving average method, although MHFG had no such bonds as of March 31, 2003.
- (iii) Other securities available for sale are securities which are not classified as either trading securities or bonds held to maturity. Other securities available for sale which have readily determinable fair value are stated at fair value with changes in net unrealized gains or losses, net of applicable income taxes, included directly in shareholders' equity. Fair value of equity securities with a quoted market price are determined based on the average quoted market price over the month preceding the consolidated balance sheet date. Fair value of securities other than equity securities with a quoted market price are determined at the quoted market price or other reasonable value at the consolidated balance sheet date ( cost of securities sold is calculated primarily by the moving average method ). Other securities which do not have readily determinable fair values are stated at cost or amortized cost as determined by the moving average method.

In addition, investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method are valued at cost as determined by the moving average method.

Securities entrusted in Money Held in Trust are accounted for in the same manner as trading assets and securities described above.

## Notes to Consolidated Financial Statements

### (3) Securities Lending and Borrowing Transactions

Unsecured securities loaned that allow borrowers to sell borrowed securities, amounted to ¥8,585 million (\$71,430 thousand) as of March 31, 2003, and are included in Trading Securities in Trading Assets. Securities loaned that do not allow borrowers to sell the borrowed securities, amounted to ¥1,448 million (\$12,051 thousand) as of March 31, 2003, and are included in Japanese National Government Bonds, Japanese Local Government Bonds, or other categories in Securities. Subsidiaries have borrowed securities that may be sold or pledged, securities borrowed with cash collateral, and securities purchased with resale agreements. Borrowed securities pledged as collateral, re-loaned, or held without being pledged or sold amounted to ¥4,135,372 million (\$34,404,099 thousand), ¥2,140 million (\$17,808 thousand), and ¥3,499,257 million (\$29,111,959 thousand), respectively, as of March 31, 2003. In addition, securities received as collateral for margin transactions in the amount of ¥1,911 million (\$15,906 thousand) have been re-pledged as collateral for Borrowed Money as of March 31, 2003.

### (4) Bills Discounted

In accordance with "Accounting and Auditing Treatment Relating to Adoption of Accounting Standards for Financial Instruments for Banks" (JICPA Industry Audit Committee Report No. 24), Bills Discounted are accounted for as financing transactions, although the subsidiary banks have rights to sell or pledge certain commercial bills and foreign exchange bills discounted. The principal amount of these bills amounted to ¥1,162,352 million (\$9,670,154 thousand) as of March 31, 2003.

### (5) Derivatives

Derivative transactions are valued at fair value with changes in fair value included in current income. Derivatives which qualified as hedges are mainly accounted for using the deferral method of hedge accounting (see the following note).

### (6) Hedge Accounting

Domestic banking subsidiaries and certain domestic trust banking subsidiaries employ the macro-hedge method, using derivatives, as described in the transitional treatment of the JICPA Industry Audit Committee Report No. 24, to manage the overall interest rate risk associated with various financial assets and liabilities, such as loans and deposits. This risk management method is referred to as the "Risk Adjusted Approach" in "Temporary Treatment for Accounting and Auditing Application of Accounting Standards for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15). Derivative transactions designated as hedges under the approach qualify for hedge accounting under the deferral method. Hedge effectiveness is assessed by checking (1) whether the total net risk exposure of derivative instruments, used to reduce risk, falls within the risk limit determined in the risk management policy and (2) whether interest rate risk exposures from hedged items have been reduced.

In order to apply hedge accounting to instruments hedging foreign exchange risks of foreign currency denominated securities, the securities being hedged need to be identified as hedged items and the amount of foreign currency payable of hedging instruments should be less than the balances of the securities being hedged. The qualified hedges are designated as a portfolio hedge and accounted for under either the deferral hedge method or the fair value hedge method.

For hedges of certain other assets and liabilities, the exceptional hedge method for interest rate swap, under which interest rate swaps are accounted for on an accrual basis, is also applied, as well as the deferral hedge method and the fair value hedge method.

Other subsidiaries also apply the hedge accounting methods as described above.

### (7) Translation of Foreign Currencies

Assets and liabilities held by the domestic banking and trust banking subsidiaries that are denominated in foreign currencies are translated into yen primarily using the exchange rates prevailing at the balance sheet date, except for investments in non-consolidated subsidiaries and affiliates, which are translated at historical exchange rates. The accounts of overseas branches are translated into yen using the exchange rates prevailing at the balance sheet date. Foreign currency assets and liabilities held by other consolidated subsidiaries are translated into yen at the exchange rates prevailing at the end of the fiscal years of the respective subsidiaries.

Foreign currency denominated transactions are accounted for in accordance with "Accounting and Auditing Treatment Relating to Accounting Standards for Foreign Currency Transactions for Banks" (JICPA Industry Audit Committee Report No. 25). As permitted in the transitional treatment of the JICPA Industry Audit Committee Report No. 25, fund swap transactions, currency swap transactions, and internal contracts are treated in accordance with the previous report, "Tentative Accounting and Auditing Treatment relating to Adoption of 'Accounting for Foreign Currency Transaction' for Banks" (JICPA Industry Audit Committee Report No. 20).

Fund swap transactions are originated for the purpose of lending and borrowing in different currencies, where (1) the notional amounts of lending and borrowing are equal to the amounts of foreign exchange purchased or sold as a spot transaction and (2) the amounts of future payment for and proceeds from borrowing and lending, respectively, with the contractual



interest payment or receipt denominated in foreign currency, are equal to the amounts of foreign exchange purchased or sold as a forward transaction.

In accordance with the transitional treatment of the JICPA Industry Audit Committee Report No. 25, fund swap transactions are accounted for as follows:

- Principal amounts of lending/borrowing transactions are translated into yen using the exchange rates in effect at the end of the fiscal year and the net amount is recorded on the balance sheet.
- Differences arising from different exchange rates applying to the first (spot) and second (forward) legs, are recognized as gains or losses on an accrual basis for the period from the date of the first leg to the second leg.

Currency swap transactions in which the transactions are (1) originated for the purpose of lending and borrowing in different currencies, (2) amounts payable/receivable at the maturity date are equal to amounts receivable/payable at the contract date and (3) the swap rates applied to principal and interest are rational were accounted for in accordance with the transitional treatment of the JICPA Industry Audit Committee Report No. 25 as follows (These currency swap transactions include transactions that renew one currency's equivalent amount of principal on every payment day of interest, using the current exchange rate of the day):

- Principal amounts of lending/borrowing transactions are translated into yen using the exchange rates in effect at the end of the fiscal year and the net amount is recorded on the balance sheet.
- Interest is recognized as gains or losses on an accrual basis for the period from the date of the first leg to the second leg.

Financial statements of foreign consolidated subsidiaries are translated into yen primarily using the exchange rates in effect at the end of the period for those subsidiaries.

Revaluation gains and losses of foreign exchange contracts are presented on the balance sheet on a net basis.

## **(8) Premises and Equipment**

Depreciation of buildings has been computed mainly by the straight-line method, and that of equipment has been computed mainly by the declining-balance method with the following range of useful lives:

Buildings	3 years to 50 years
Equipment	2 years to 20 years

## **(9) Software**

Development costs for internally used software are capitalized and amortized under the straight-line method over their estimated useful lives of mainly five years.

## **(10) Deferred Debenture Charges**

Deferred Debenture Charges are amortized as follows:

Debenture discounts are amortized over the term of the debenture.

Debenture issuance costs are amortized over the term of the debentures, up to the maximum of three years, which is the longest period permitted under the Commercial Code of Japan.

## **(11) Stock Issuance Costs**

Stock issuance costs are recognized as expenses when incurred.

## **(12) Reserve for Possible Losses on Loans**

The Reserve for Possible Losses on Loans of major domestic consolidated subsidiaries is maintained in accordance with internally established standards for write-offs and provisions:

- For credit extended to obligors that are legally bankrupt under the Bankruptcy Law, Special Liquidation in the Commercial Law or other similar laws ("Bankrupt Obligor"), and to obligors that are effectively in similar conditions ("Substantially Bankrupt Obligor"), reserves are maintained at 100% of amounts of claims net of expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.
- For credit extended to obligors that are not yet legally or formally bankrupt but who are likely to be bankrupt ("Intensive Control Obligor"), reserves are maintained at the amount deemed necessary based on overall solvency analyses, on the amount of claims less expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.
- For Intensive Control Obligor and obligors with Restructured Loans as defined in Note 6 below, if the exposure to an obligor exceeds a certain specific amount, reserves are provided as follows:
  - (i) if future cashflows of the principal and interest can be reasonably estimated, the discounted cash flow method is applied, under which method reserve is determined at the difference between the book value of the loan and its present value of future cash flows discounted using the contractual interest rate before the loan was classified as a Restructured Loan, and
  - (ii) if future cashflows of the principal and interest cannot be reasonably estimated, losses are estimated for each individual loan.

## Notes to Consolidated Financial Statements

- For credit extended to other obligors, reserves are maintained at rates derived from historical credit loss experiences, etc.
- Reserves for Possible Losses on Loans to Restructuring Countries (including Reserves for Losses on Overseas Investments prescribed in Article 55-2 of the Exceptions to the Tax Laws Act) are maintained in order to cover possible losses based on the analyses of political and economic climates of the countries.

All credit is assessed by each credit origination department, and the results of the assessments are verified and examined by the independent examination department. Reserves for Possible Losses on Loans are provided for on the basis of such verified assessments.

In the case of loans to bankrupt obligors or substantially bankrupt obligors, who are collateralized or guaranteed by a third party, the amounts deemed uncollectible are written off against the respective loan balances. The total write-off amounts were ¥1,832,935 million (\$15,249,047 thousand) at March 31, 2003.

Other consolidated subsidiaries provide the amount necessary to cover the loan losses based upon past experience for general claims, and their management's assessment for other claims.

### (13) Reserve for Possible Losses on Investments

The Reserve for Possible Losses on Investments is maintained to provide against possible losses on securities, after taking into consideration the financial conditions and other relevant factors concerning the subject entity.

### (14) Reserve for Bonus Payments

Reserve for Bonus Payments, which is provided for future bonus payments to employees, is maintained at the amount accrued at the end of the fiscal year, based on the estimated future payments and service periods.

### (15) Reserve for Employee Retirement Benefits

The Reserve for Employee Retirement Benefits, which is provided for future pension payments to employees, is recorded as the amount accrued at the end of the fiscal year, based on the projected benefit obligation and the estimated pension plan asset amounts at the end of the fiscal year.

Gain on plan amendment is recognized as income in the fiscal year of occurrence.

Unrecognized actuarial gains or losses are recognized as income or expenses from the following fiscal year under the straight-line method over a certain term within the average remaining service period of the current employees.

Unrecognized net obligation at the date of initial application of the accounting standard for retirement benefits has been recognized equally as an expense primarily over five years.

### (16) Reserve for Possible Losses on Loans Sold

The Reserve for Possible Losses on Loans Sold is provided to cover possible losses on loans sold to the Cooperative Credit Purchasing Company, Limited, taking into account the value of collateral pledged.

### (17) Lease Transactions

Finance leases of MHFG and domestic consolidated subsidiaries that do not involve the transfer of ownership to the lessee at the end of the lease term are accounted for as operating leases.

Lease transactions of foreign consolidated subsidiaries are principally accounted for as either capital leases or operating leases.

### (18) Scope of Cash and Cash Equivalents in Consolidated Statement of Cash Flows

In the Consolidated Statement of Cash Flows, Cash and Cash Equivalents consist of cash and due from central banks.

### (19) Income Taxes

Deferred income taxes are recorded for the corporate tax, the inhabitants' taxes and the enterprise taxes based on the differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements, using enacted tax rates which will be in effect when the differences are expected to reverse. The assets and liabilities method is used to determine deferred income taxes.

### (20) Consumption Taxes

MHFG and its domestic consolidated subsidiaries are subject to Japanese consumption taxes. Japanese consumption taxes are excluded from the transaction amounts.

## (21) Enterprise Taxes

With the implementation of the “Metropolitan Ordinance regarding the Imposition of Enterprise Taxes through External Standards Taxation on Banks in Tokyo” (Tokyo Metropolitan Ordinance No. 145, April 1, 2000) (“the metropolitan ordinance”), enterprise taxes which were hitherto levied on income are now levied on *gyomu ararieki* (Gross Profits).

On October 18, 2000, domestic banking subsidiaries and domestic trust banking subsidiaries filed a lawsuit with the Tokyo District Court against the Tokyo metropolitan government and the Governor of Tokyo seeking to void the metropolitan ordinance. Domestic banking subsidiaries and domestic trust banking subsidiaries won the case eventually entirely on March 26, 2002 with a decision of the Tokyo District Court in domestic banking subsidiaries and domestic trust banking subsidiaries’ favor, on the grounds that the metropolitan ordinance was illegal. The District Court ordered the metropolitan government to return to the domestic banking subsidiaries and domestic trust banking subsidiaries advance tax payments of ¥ 20,536 million and also awarded damages of ¥ 410 million. On March 29, 2002 the metropolitan government lodged an appeal with the Tokyo High Court against the decision and on April 9 of the same year all those banks, which were plaintiffs in the first legal action including domestic banking subsidiaries and domestic trust banking subsidiaries, lodged an appeal with the Tokyo High Court. The domestic banking subsidiaries and domestic trust banking subsidiaries won the case eventually entirely on January 30, 2003 with a decision of the Tokyo High Court in their favor, on the grounds that the metropolitan ordinance was illegal. The Tokyo High Court ordered the metropolitan government to return to the domestic banking subsidiaries and domestic trust banking subsidiaries advance tax payments of ¥ 47,552 million. On February 10, the metropolitan government lodged an appeal and on February 13 all the banks which were plaintiffs in the first legal action including domestic banking subsidiaries and domestic trust banking subsidiaries lodged an appeal. It is the opinion of domestic banking subsidiaries and domestic trust banking subsidiaries that the metropolitan ordinance is both unconstitutional and illegal. Domestic banking subsidiaries and domestic trust banking subsidiaries have asserted this opinion in the courts and the matter is still in litigation.

During this term domestic banking subsidiaries and domestic trust banking subsidiaries have applied the same treatment as in the previous term, accounting for enterprise taxes through external standards taxation on banks in Tokyo in accordance with the metropolitan ordinance, because domestic banking subsidiaries and domestic trust banking subsidiaries have deemed it appropriate at this stage to continue with the same accounting treatment as before. This accounting treatment does not constitute in any way an admission on the part of domestic banking subsidiaries and domestic trust banking subsidiaries either of the constitutionality or of the legality of the metropolitan ordinance.

With the implementation of the metropolitan ordinance, enterprise taxes relating to banks in Tokyo were recorded in Other Expenses in the amount of ¥ 27,948 million in this consolidated fiscal year. As a result, there was a respective increase in Ordinary Loss as compared with the previous standards under which enterprise taxes were levied on income. Moreover, there was no effect in “Income Taxes —Current” in this consolidated fiscal year. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in Deferred Tax Assets of ¥ 44,514 million as compared with the amount that it would have been had the enterprise taxes been levied on income instead of gross profits. There was also a decrease in Deferred Tax Liabilities on Land Revaluation of ¥ 6,293 million, an equivalent increase in the Revaluation Reserve for Land, net of Taxes of same amount.

On April 4, 2002 domestic banking subsidiaries and domestic trust banking subsidiaries filed a lawsuit with the Osaka District Court against the Osaka municipal government and the Governor of Osaka seeking to void a similar municipal ordinance. With the implementation of the “Revision of Municipal Ordinance regarding the Imposition of the Enterprise Taxes through External Standards Taxation on Banks in Osaka” (Osaka Municipal Ordinance No. 77) (“the revised municipal ordinance”) on May 30, 2002 and the implementation of “Revision of Municipal Ordinance regarding the Imposition of the Enterprise Taxes through External Standards Taxation on Banks in Osaka” (Osaka Municipal Ordinance No. 14), enterprise taxes through external standards taxation were applied from the beginning of the consolidated fiscal year starting on April 1, 2003.

The enterprise taxes which the banks are required to pay to the Osaka municipal government this fiscal term are subject to supplementary provision 2 of the revised Osaka municipal ordinance which stipulates that the banks shall pay the enterprise taxes based on the lesser of *gyomu ararieki* (Gross Profits) or income.

Domestic banking subsidiaries and domestic trust banking subsidiaries, therefore, are scheduled to file and pay the enterprise taxes based on income. The fact that the domestic banking subsidiaries and domestic trust banking subsidiaries filed and paid the enterprise taxes according to the revised municipal ordinance does not constitute in any way an admission on the part of the domestic banking subsidiaries and domestic trust banking subsidiaries either of the constitutionality or of the legality of the revised municipal ordinances as well as the municipal ordinance. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in Deferred Tax Assets of ¥ 5,404 million as compared with the amount that it would have been had the enterprise taxes been levied on income instead of gross profits. There was also a decrease in Deferred Tax Liabilities on Land Revaluation of ¥ 590 million, and an equivalent increase in the Revaluation Reserve for Land, net of Taxes of same amount.

With the promulgation of "Revision of Law Regarding Regional Taxation etc." (Law No. 9 of 2003) on March 31, 2003, enterprise taxes imposed on banks through external standards taxation from the consolidated fiscal year beginning April 1, 2004 will be levied on "added value," "amount of capital etc." and "income and liquidation income," as compared with the previous legislation ("Law Regarding Regional Taxation" of 2003 before amendment, Article 72-12) under which enterprise taxes were levied on "income and liquidation income." It follows that enterprise taxes imposed through external standards taxation levied on added value and amount of capital etc. are not in keeping with a tax which is imposed on income. Moreover, as a result, from the consolidated fiscal year beginning April 1, 2004, enterprise taxes relating to banks in Tokyo and Osaka levied respectively by the Tokyo metropolitan government on the basis of its metropolitan ordinance and the Osaka municipal government on the basis of its municipal ordinance, will lose their foundation in law and will cease to apply.

As a result, there was a decrease in Deferred Tax Assets of ¥ 9,382 million, and an increase in Income Tax Expenses—Deferred of ¥ 8,531 million. There was also an increase in Deferred Tax Liabilities on Land Revaluation of ¥ 14,027 million, and an equivalent decrease in the Revaluation Reserve for Land, net of Taxes of same amount, in addition to a decrease in the Unrealized Losses on Other Securities, net of Taxes of ¥ 27 million.

## (22) Appropriation of Retained Earnings

Cash dividends and bonuses to directors and statutory auditors are recorded in the fiscal year in which the proposed appropriation of Retained Earnings is approved by the Board of Directors and/or by the general meeting of the shareholders.

## (23) Net Loss per Share

Net Loss per Share is calculated in accordance with Financial Accounting Standard No. 2 "Accounting Standards for Earnings Per Share" and Financial Accounting Standards Implementation Guidance No. 4 "Implementation Guidance for Accounting Standards for Earnings Per Share."

Consolidated Net Loss per Share for this period and related information are as follows:

	(Yen)	(U.S. dollars)
Consolidated Net Loss per Share.....	¥ (254,524.65)	\$ (2,117.51)
Consolidated Net Loss .....	¥ (2,377,172) million	\$(19,776,805) thousand
Consolidated Net Loss attributable to common shareholders .....	¥ (2,399,319) million	\$(19,961,062) thousand
Consolidated Net Loss not attributable to common shareholders .....	¥ 22,147 million	\$ 184,256 thousand
Average number of shares of common stock .....	9,426 thousand	

Common stock equivalents to be used to calculate diluted per share information are as follows:

Class I, II, III, VII, VIII, IX, X, and XI Preferred Shares

Bonds with Stock Options

Diluted net loss per share is not disclosed due to a loss position (anti-dilutive).

#### 4. Trading Assets and Liabilities

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Trading Assets:		
Trading Securities	¥ 5,273,367	\$ 43,871,612
Derivatives for Trading Securities	6,216	51,718
Securities Held to Hedge Trading Transactions	167,479	1,393,343
Derivatives for Securities Held to Hedge Trading Transactions	2,077	17,286
Derivatives for Trading Transactions	3,527,856	29,349,891
Other Trading Assets	942,084	7,837,639
<b>Total</b>	<b>¥ 9,919,083</b>	<b>\$ 82,521,489</b>
Trading Liabilities:		
Trading Securities Oversold	¥ 2,960,091	\$ 24,626,383
Derivatives for Trading Securities	2,466	20,523
Securities Oversold to Hedge Trading Transactions	130,057	1,082,007
Derivatives for Securities Held to Hedge Trading Transactions	288	2,402
Derivatives for Trading Transactions	3,185,358	26,500,489
<b>Total</b>	<b>¥ 6,278,262</b>	<b>\$ 52,231,804</b>

#### 5. Securities

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Japanese National Government Bonds	¥ 11,968,696	\$ 99,573,183
Japanese Local Government Bonds	128,837	1,071,858
Japanese Corporate Bonds	1,305,316	10,859,535
Japanese Stock and Shares*1	4,439,291	36,932,540
Other*2	5,974,433	49,704,103
<b>Total</b>	<b>¥ 23,816,574</b>	<b>\$ 198,141,219</b>

\*1 Japanese Stock and Shares included investments in non-consolidated subsidiaries and affiliates of ¥101,841 million (\$847,265 thousand).

\*2 Other included investments in non-consolidated subsidiaries and affiliates of ¥16,970 million (\$141,184 thousand).

## 6. Loans and Bills Discounted

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Bills Discounted	¥ 797,919	\$ 6,638,268
Loans on Notes	5,823,170	48,445,675
Loans on Deeds	50,304,770	418,508,905
Overdrafts	12,052,935	100,274,009
Financing Receivables, including Factoring, Leasing and Property Financing	231,239	1,923,787
<b>Total</b>	<b>¥ 69,210,035</b>	<b>\$ 575,790,644</b>

### Loans and Bills Discounted at March 31, 2003 include the following:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Loans to Bankrupt Obligors* <sup>1</sup>	¥ 288,686	\$ 2,401,719
Non-Accrual Delinquent Loans* <sup>2</sup>	1,598,542	13,299,023
Loans Past Due for 3 Months or More* <sup>3</sup>	50,670	421,555
Restructured Loans* <sup>4</sup>	2,832,049	23,561,141
<b>Total</b>	<b>¥ 4,769,949*<sup>5</sup></b>	<b>\$ 39,683,438</b>

\*1 Loans to Bankrupt Obligors represent non-accrual loans to obligors who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order).

\*2 Non-Accrual Delinquent Loans represent non-accrual loans other than (i) Loans to Bankrupt Obligors and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of obligors in financial difficulties.

\*3 Loans to Bankrupt Obligors or Non-Accrual Delinquent Loans, both of which are classified as non-accrual, are not included in this category.

\*4 Restructured Loans represent loans on which contracts were amended in favor of obligors (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, or renunciation of claims) in order to assist or facilitate the restructuring of obligors in financial difficulties.

\*5 ¥9,988 million (\$83,103 thousand) of those amounts are placed in an administrative trust established by the Resolution and Collection Corporation for eventual final disposal.

### Sales of Loans to Participants

The total amount of loan participations outstanding as of March 31, 2003, which was accounted for as sales of loans to participants in accordance with the JICPA Accounting Standard Committee Report No. 3 issued June 1, 1995, is ¥ 1,431,461 million (\$11,909,000 thousand).

### Commitment Line for Loans

Overdraft protection on current accounts and contracts for the commitment line for loans are contracts by which consolidated subsidiaries are bound to extend loans up to the prearranged amount, at the request of customers, unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounts to ¥43,195,571 million (\$359,364,159 thousand) as of March 31, 2003. ¥39,548,144 million (\$329,019,507 thousand) of these amounts relate to contracts of which original contractual terms are of a term of one year or less, or which are unconditionally cancelable at any time as of March 31, 2003.

Since many of these contracts expire without the rights exercised, the unutilized balance itself does not necessarily affect future cash flows of MHFG and its consolidated subsidiaries. A provision is included in many of these contracts that entitles the consolidated subsidiaries to refuse the execution of loans, or reduce the maximum amount under contracts when there is a change in the financial situation, necessity to preserve a claim, or other similar reasons. The consolidated subsidiaries obtain, moreover, real estate or securities as collateral at the time the contracts are entered into, if needed, and subsequently monitor a customer's business condition periodically, based on and in accordance with established procedures, and take measures to control credit risks such as amendments to contracts, if needed.

## 7. Foreign Exchange Assets and Liabilities

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
<b>Foreign Exchange Assets:</b>		
Foreign Bills Bought	¥ 368,586	\$ 3,066,441
Foreign Bills Receivable	218,676	1,819,273
Advance to Foreign Banks	48,500	403,495
Due from Banks (Foreign)	84,756	705,128
<b>Total</b>	<b>¥ 720,519</b>	<b>\$ 5,994,337</b>
<b>Foreign Exchange Liabilities:</b>		
Foreign Bills Sold	¥ 6,780	\$ 56,414
Foreign Bills Payable	9,576	79,671
Advance from Foreign Banks	25,372	211,088
Due to Banks (Foreign)	149,148	1,240,836
<b>Total</b>	<b>¥ 190,878</b>	<b>\$ 1,588,009</b>

## 8. Other Assets

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Accrued Income	¥ 296,089	\$ 2,463,308
Prepaid Expenses	14,307	119,030
Securities in Custody and Other	—	—
Deferred Hedge Losses*1	96,569	803,407
Derivatives	1,350,282	11,233,634
Other*2	3,147,407	26,184,752
<b>Total</b>	<b>¥ 4,904,656</b>	<b>\$ 40,804,131</b>

\*1 Deferred Hedge Losses is the net realized or unrealized losses from hedging instruments. The gross amounts of deferred hedge gains and losses before netting are ¥1,827,820 million (\$15,206,494 thousand) and ¥1,924,390 million (\$16,009,901 thousand), respectively.

\*2 Other included provisional tax payments of ¥222,682 million (\$1,852,600 thousand) made by a certain domestic subsidiary. These payments were made upon receipt of the Correction Notice from the Tokyo Regional Taxation Bureau ("TRTB") on August 23, 1996 in connection with the write-off of credits due from Japan Housing Loan, Inc., amounting to ¥376,055 million (\$3,128,577 thousand) recorded in the fiscal year ended March 1996. The subsidiary disputed the rationale for the proposed correction and filed an application seeking to void the proposed correction to the National Tax Tribunal for administrative review. This was dismissed on October 28, 1997. On October 30, 1997, the subsidiary filed a lawsuit with the Tokyo District Court seeking to void the TRTB's administrative action against the subsidiary and won the case entirely on March 2, 2001. However, this was appealed to the Tokyo High Court on March 16, 2001 and the subsidiary lost the case on March 14, 2002. On March 27, 2002, the subsidiary filed an appeal to the Supreme Court. The subsidiary believes that its claim is appropriate. Nevertheless, the subsidiary accrued Reserve for Contingency amounting to ¥134,806 million (\$1,121,515 thousand) from the viewpoint of financial soundness and prudent accounting.

## 9. Premises and Equipment

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Land	¥ 1,002,080	\$ 8,336,778
Buildings	308,089	2,563,137
Equipment	159,009	1,322,877
Other	163,672	1,361,665
<b>Total</b>	<b>¥ 1,632,851</b>	<b>\$ 13,584,457</b>
Accumulated Depreciation	¥ 735,934	\$ 6,122,582

## 10. Deferred Debenture Charges

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Deferred Discount on Debentures	¥ 510	\$ 4,244
Deferred Debenture Issuance Costs	530	4,417
<b>Total</b>	<b>¥ 1,041</b>	<b>\$ 8,661</b>



### 11. Reserve for Possible Losses on Loans

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
General Reserve for Possible Losses on Loans	¥ 1,515,414	\$ 12,607,442
Specific Reserve for Possible Losses on Loans	678,593	5,645,534
Reserve for Possible Losses on Loans to Restructuring Countries	17,358	144,416
<b>Total</b>	<b>¥ 2,211,366</b>	<b>\$ 18,397,392</b>

### 12. Assets Pledged as Collateral

The following assets were pledged as collateral:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Trading Assets	¥ 3,879,743	\$ 32,277,398
Securities	13,001,395	108,164,685
Loans and Bills Discounted	4,134,653	34,398,117
Premises and Equipment	63	527

The following liabilities were collateralized by the above assets:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Deposits	¥ 706,101	\$ 5,874,389
Call Money and Bills Sold	7,672,000	63,826,955
Payables under Repurchase Agreements	5,554,998	46,214,632
Pledged Money for Securities Lending Transactions	3,940,824	32,785,562
Borrowed Money	331,760	2,760,067

In addition, the settlement accounts of foreign and domestic exchange transactions or margins for futures transactions are collateralized or substituted by Cash and Due from Banks of ¥7,814 million (\$65,008 thousand), Trading Assets of ¥15,205 million (\$126,499 thousand), Securities of ¥1,792,238 million (\$14,910,466 thousand), Loans and Bills Discounted of ¥466,821 million (\$3,883,709 thousand) and Other Assets of ¥8,220 million (\$68,391 thousand) as of March 31, 2003. None of the assets are pledged as collateral in connection with borrowings by the unconsolidated subsidiaries and affiliates.

Guarantee deposits amounting to ¥151,387 million (\$1,259,465 thousand) were included in Premises and Equipment. Margins for futures transactions amounting to ¥42,031 million (\$349,679 thousand) were included in Other Assets as of March 31, 2003.

Bills re-discounted are treated as financial transactions in accordance with the Industry Audit Committee Report No. 24. The total face value of commercial bills and foreign bills of exchange bought as a result of rediscounting as of March 31, 2003 is ¥14,399 million (\$119,794 thousand).

### 13. Deposits

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Current Deposits	¥ 4,413,253	\$ 36,715,922
Ordinary Deposits	27,390,970	227,878,288
Deposits at Notice	1,263,237	10,509,462
Time Deposits	26,265,714	218,516,764
Certificates of Deposit	6,964,740	57,942,936
Other	5,924,724	49,290,556
<b>Total</b>	<b>¥ 72,222,642</b>	<b>\$ 600,853,928</b>

## 14. Debentures

MHCB and MHBK issue debentures and offer them to institutional and private investors as a main source of funds for their operations. They provide debentures with a variety of different terms in order to attract more investors.

At March 31, 2003

Description of Debentures	Millions of yen	Thousands of U.S. dollars	Interest rates
One-Year Discount Debentures	¥ 1,898,586 [1,898,586]	\$ 15,795,227 [15,795,227]	0.05%–0.08%
One-Year Discount Debentures (custody only)	302,992 [302,992]	2,520,733 [2,520,733]	0.02%–0.06%
Five-Year Coupon Debentures (Series A)	7,421,340 [1,866,000]	61,741,597 [15,524,126]	0.65%–2.00%
Five-Year Coupon Debentures (Series B)	118,067 [23,656]	982,258 [196,809]	0.14%–1.20%
Five-Year Coupon Debentures (with compound interest)	775,821 [98,637]	6,454,424 [820,610]	0.14%–1.20%
Five-Year Coupon Debentures (savings-type)	734,233 [94,664]	6,108,436 [787,560]	0.14%–1.10%
Five-Year Coupon Debentures (savings-type with compound interest)	89,003 [17,422]	740,465 [144,942]	0.14%–1.10%
Two-year Coupon Debentures	304,600 [153,200]	2,534,110 [1,274,542]	0.35%–0.65%
Three-year Coupon Debentures	15,000 [—]	124,792 [—]	0.90%
Debentures Denominated in Foreign Currencies	36,745 [—] (US\$57,000 thousand)	305,705 [—] (US\$57,000 thousand)	1.00%–9.37%
<b>Total</b>	<b>¥ 11,696,391</b>	<b>\$ 97,307,747</b>	

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in original currency in parentheses ( ).

3. Repayments for Debentures are scheduled for the next five years as follows:

Fiscal 2003	¥4,455,158 million	(\$37,064,550 thousand)
2004	¥2,164,551 million	(\$18,007,919 thousand)
2005	¥1,992,860 million	(\$16,579,535 thousand)
2006	¥1,703,069 million	(\$14,168,628 thousand)
2007	¥1,367,652 million	(\$11,378,143 thousand)

4. No collateral was provided for the above Debentures.

## 15. Call Money and Bills Sold

At March 31, 2003

	Millions of yen	Thousands of U.S. dollars
Call Money	¥ 6,252,109	\$ 52,014,224
Bills Sold	4,933,700	41,045,757
<b>Total</b>	<b>¥ 11,185,809</b>	<b>\$ 93,059,981</b>

## 16. Commercial Paper

At March 31, 2003

	Millions of yen	Thousands of U.S. dollars	Average Interest rates*1
Commercial Paper	¥ 627,400	\$ 5,219,634	0.24%

\*1 The average interest rates are the weighted-average interest rate of debts calculated from the interest rates and outstanding balances at the end of the year.

Financial Data of Mizuho Financial Group, Inc.  
**Notes to Consolidated Financial Statements**

## 17. Borrowed Money

At March 31, 2003	Millions of yen	Thousands of U.S. dollars	Average Interest rates*1
Bills Rediscounted	¥ 14,399	\$ 119,794	3.65%
Other Borrowings*2,3	1,440,427	11,983,588	2.28
<b>Total</b>	<b>¥ 1,454,826</b>	<b>\$ 12,103,382</b>	<b>2.29%</b>

\*1 Average interest rates are weighted-average interest rates of debts calculated from the interest rates and outstanding balances at the end of the year.

\*2 Other Borrowings included subordinated debt of ¥647,431 million (\$5,386,286 thousand) at March 31, 2003.

\*3 Repayments for Other Borrowings are scheduled for the next five years as follows:

Fiscal 2003	¥542,159 million (\$4,510,475 thousand)
2004	¥203,466 million (\$1,692,736 thousand)
2005	¥129,347 million (\$1,076,100 thousand)
2006	¥ 33,535 million (\$ 278,998 thousand)
2007	¥ 33,211 million (\$ 276,305 thousand)

## 18. Bonds and Notes

Major components of Bonds and Notes at March 31, 2003 were as follows:

Issuer	Description	Issue	Millions of yen	Thousands of U.S. dollars	Interest rates	Due
Mizuho Holdings	Straight Bonds	Nov. 2000	¥ 850,000 [—]	\$ 7,071,547 [—]	0.62%–2.67%	Mar. 2008–
*1	Straight Bonds	Mar. 1998– Aug. 2001	127,900 [—]	1,064,060 [—]	1.32%–4.02%	Dec. 2010–
*2	Straight Bonds	Sept. 1997	3,100 [—]	25,790 [—]	3.00%	Nov. 2012
*3	Straight Bonds	Dec. 1995– Apr. 2001	89,100 [—]	741,265 [—]	0.57%–3.59%	Apr. 2010–
*4	Straight Bonds	Mar. 1993– Sep. 2002	655,794 [—]	5,455,861 [—]	0.00%–5.10%	Dec. 2005
			(US\$110,000 thousand)			
*5	Straight Bonds	Jun. 1995– Mar. 2000	649,490 [—]	5,403,418 [—]	0.00%–8.80%	Apr. 2004
			(US\$1,283,374 thousand)			
*6	Straight Bonds	Aug. 1995– Mar. 2003	93,220 [44,337]	775,547 [368,866]	0.00%–9.00%	Apr. 2003– Feb. 2021
			(US\$81,922 thousand)			
			(EUR9,130 thousand)			
<b>Total</b>			<b>¥ 2,468,606</b>	<b>\$ 20,537,488</b>		

Notes:1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in the original currencies in parentheses ( ).

3. Repayments for Bonds and Notes are scheduled for the next five years as follows:

Fiscal 2003	¥ 44,337 million (\$368,866 thousand)
2004	¥ 11,544 million (\$ 96,041 thousand)
2005	¥ 8,286 million (\$ 68,940 thousand)
2006	¥ 24,914 million (\$207,279 thousand)
2007	¥102,783 million (\$855,108 thousand)

4. Bonds and Notes at March 31, 2003 included subordinated bonds and notes of ¥2,355,788 million (\$19,598,906 thousand).

\*1 indicates the total amount of straight bonds issued by the domestic consolidated subsidiary, Mizuho Trust and Banking Co., Ltd.

\*2 indicates the amount of straight bonds issued by MHCB.

\*3 indicates the total amount of straight bonds issued by the overseas consolidated subsidiary, MHAT Finance (Aruba) A.E.C..

\*4 indicates the total amount of straight bonds issued by the overseas consolidated subsidiary, Mizuho Finance (Aruba) A.E.C..

\*5 indicates the total amount of straight bonds issued by overseas consolidated subsidiaries, Mizuho Finance (Cayman) Limited and Mizuho Finance (Curaçao) N.V.

\*6 indicates the total amount of straight bonds issued by overseas consolidated subsidiaries, Mizuho Corporate Australia Ltd., Mizuho Corporate Asia (HK) Limited, Mizuho International plc and Mizuho Corporate Bank (USA).

## 19. Bonds with Stock Options

Bonds with Stock Options at March 31, 2003 were as follows:

Issuer	Description of Debentures	Issue	Millions of yen	Thousands of U.S. dollars	Interest rates	Due
*	Bonds with Stock Options	Jul. 1988	¥ 3,858	\$ 32,103	2.87%	Sep. 2003
			[3,858]	[32,103]		
			(US\$32,103 thousand)			

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in the original currency in parentheses ( ).

3. \* indicates the total amount of bonds with stock options issued by the domestic consolidated subsidiary Mizuho Trust and Banking Co., Ltd.

4. Details are as follows:

Description	Convertible Period	Conversion price	Issuing share	Capitalization
US\$ denominated Bonds with Stock Options due Sept. 30, 2003	Aug. 15, 1988–Sept. 22, 2003	¥1,814.90	Common stock	¥ 908/share

5. Repayments for Bonds with Stock Options are scheduled for the next five years as follows:

Fiscal 2003	¥3,858 million	(\$32,104 thousand)
2004	¥ — million	(\$ — thousand)
2005	¥ — million	(\$ — thousand)
2006	¥ — million	(\$ — thousand)
2007	¥ — million	(\$ — thousand)

## 20. Other Liabilities

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Accrued Expenses	¥ 228,144	\$ 1,898,041
Unearned Income	160,337	1,333,920
Income Taxes Payable	97,910	814,565
Securities Borrowed	136	1,137
Derivatives	1,379,903	11,480,066
Other	3,660,121	30,450,263
<b>Total</b>	<b>¥ 5,526,554</b>	<b>\$ 45,977,992</b>

## 21. Reserve for Employee Retirement Benefits

(1) Employees of major domestic consolidated subsidiaries are entitled, with some conditions, to receive lump-sum indemnities or annuity payments for life upon their termination of employment. The amount of the benefits is determined by the current rate of pay, length of service and the conditions under which their termination occurs.

The major domestic consolidated subsidiaries have contributory funded defined benefit pension plans under the Japanese Welfare Pension Insurance Law (the "JWPIL") which are qualified by the tax authority and severance indemnity plans. The pension plans under the JWPIL cover a portion of the governmental welfare pension program, under which the contributions are made by such subsidiaries and their employees.

Certain domestic consolidated banking subsidiaries established self-insured pension plans.

In addition, domestic banking and certain trust banking consolidated subsidiaries established employee retirement benefit trusts.

(2) Reserve for Employee Retirement Benefits was reconciled as follows:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Projected Benefit Obligations	¥ (1,491,244)	\$ (12,406,360)
Plan Assets	1,008,021	8,386,198
Unfunded Retirement Benefit Obligations	(483,223)	(4,020,162)
Unrecognized Net Obligation at Date of Initial Application	63,219	525,949
Unrecognized Actuarial Differences	733,415	6,101,623
Net Amounts	313,410	2,607,410
Prepaid Pension Cost	339,973	2,828,399
Other Liabilities	—	—
<b>Reserve for Employee Retirement Benefits</b>	<b>¥ (26,562)</b>	<b>\$ (220,989)</b>

Note: The above Projected Benefit Obligations includes the governmental welfare program, but does not include additional retirement benefits paid to employees.

It also includes the amount measured by certain consolidated subsidiaries under the non-actuarial method.

(3) Breakdown of Pension Expenses was as follows:

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Service Cost*1	¥ 27,200	\$ 226,289
Interest Cost	40,817	339,583
Expected Return on Plan Assets	(41,080)	(341,765)
Gain on Plan Amendment (Prior Service Cost)	(571)	(4,758)
Amortization of Actuarial Differences	38,279	318,464
Amortization of Unrecognized Net Obligation at Date of Initial Application	32,967	274,273
Other (such as Extra Retirement Benefit)	6,945	57,780
<b>Net Pension Expenses</b>	<b>¥ 104,557</b>	<b>\$ 869,866</b>

\*1 Retirement expenses of some consolidated subsidiaries which adopt the simplified method for calculating projected benefit obligations are included in Service Cost in full.

(4) Assumptions used in calculation of the above information were as follows:

	2003
Discount rate	2.1–2.5%
Expected rate of return on plan assets	1.3–6.2%
Method of attributing the projected benefits to periods of services	Straight-line basis
Prior Service Cost	Charged to Income (Loss) in the year
Amortization of unrecognized actuarial differences	Primarily 10–12 years
Amortization of unrecognized net obligation at date of initial application	Primarily 5 years

## 22. Other Reserves

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Reserve for Contingencies*1	¥ 141,124	\$ 1,174,078
Reserve for Contingent Liabilities from Futures Transactions	64	537
Reserve for Contingent Liabilities from Securities Transactions	819	6,819
<b>Total</b>	<b>¥ 142,008</b>	<b>\$ 1,181,434</b>

\*1 Reserve for Contingencies is maintained to cover losses arising from matters not covered by other specific reserves that are probable to take place and that are determinable in amounts.

## 23. Acceptances and Guarantees

(1) All commitments and contingent liabilities of a material nature resulting from guarantees or otherwise are included in the contra-accounts "Acceptances and Guarantees" and "Customers' Liabilities for Acceptances and Guarantees."

The outstanding balance of the accounts were as follows:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Acceptances	¥ 10,110	\$ 84,112
Letters of Credit	42,004	349,454
Guarantees	4,093,296	34,054,049
<b>Total</b>	<b>¥ 4,145,411</b>	<b>\$ 34,487,615</b>

(2) The principal amounts promised to be indemnified for money trusts and loan trusts, which are entrusted to domestic consolidated trust banking subsidiaries, were ¥886,055 million (\$7,371,513 thousand) and ¥1,167,331 million (\$9,711,579 thousand) as of March 31, 2003, respectively.

## 24. Revaluation of Land

In accordance with the Land Revaluation Law, land used for business operations of domestic consolidated banking subsidiaries was revalued on March 31, 1998. In accordance with Article 119 of the 1998 Cabinet Order Article 2-4 of the Enforcement Ordinance relating to the Land Revaluation Law, the revaluation was performed by the method of calculating the value along with reasonable adjustments, such as for the condition of the land.

The income tax on the entire excess of revaluation is included in Deferred Tax Liabilities for Revaluation Reserve for Land, and the remainder, net of the tax, is stated as Revaluation Reserve for Land in Shareholders' Equity.

The difference at the balance sheet date between the total fair value of land for business operation purposes, which has been revalued in accordance with Article 10 of the above-mentioned law, and the total book value of the land after such revaluation is ¥303,917 million (\$2,528,431 thousand). Similar treatment has been adopted for certain consolidated overseas subsidiaries.

## 25. Common Stock and Preferred Stock

Common Stock and Preferred Stock at March 31, 2003 were as follows:

Class of stock	Number of shares		Per share (Yen)				Convertible or not	With redemption or not
	Authorized	Issued and outstanding	Interim cash dividend	Year-end cash dividend	Liquidation value			
Common Stock	25,000,000	10,582,426.71	¥ —	¥ —	¥ —	—	No	No
First Series Class I Preferred Stock	33,000	33,000	—	22,500	3,000,000	—	Yes	No
Second Series Class II Preferred Stock	100,000	100,000	—	8,200	2,000,000	—	Yes	No
Third Series Class III Preferred Stock	100,000	100,000	—	14,000	2,000,000	—	Yes	No
Fourth Series Class IV Preferred Stock	150,000	150,000	—	47,600	2,000,000	—	No	Yes
Fifth Series Class V Preferred Stock	/	/	—	/	/	—	/	/
Sixth Series Class VI Preferred Stock	150,000	150,000	—	42,000	2,000,000	—	No	Yes
Seventh Series Class VII Preferred Stock	125,000	125,000	—	11,000	2,000,000	—	Yes	Yes
Eighth Series Class VIII Preferred Stock	125,000	125,000	—	8,000	2,000,000	—	Yes	Yes
Ninth Series Class IX Preferred Stock	140,000	140,000	—	17,500	1,250,000	—	Yes	No
Tenth Series Class X Preferred Stock	140,000	140,000	—	5,380	1,250,000	—	Yes	No
Eleventh Series Class XI Preferred Stock	1,500,000	943,740	—	165	1,000,000	—	Yes	No
Twelfth Series Class XII Preferred Stock		101,500	—	21	1,000,000	—	Yes	No
Thirteenth Series Class XIII Preferred Stock	1,500,000	36,690	—	247	1,000,000	—	No	Yes

Note: All the outstanding Fifth Series Class V Preferred Stock was converted into Common Stock on February 1, 2002.

**Notes to Consolidated Financial Statements**

Holders or registered pledgees of Preferred Stocks are entitled to receive annual dividends, and distribution of residual assets of MHFG, as set out above in priority to holders of the Common Stocks but *pari passu* among themselves.

MHFG may pay up to one-half of the annual dividend payable on each class of Preferred Stocks as an interim dividend.

Dividends on the Preferred Stocks are not cumulative. Holders of Preferred Stocks are not entitled to vote at a general meeting of shareholders except where the articles of incorporation entitle holders of Preferred Stocks to vote.

All Preferred Stocks except Class IV Preferred Stocks, Class VI Preferred Stocks and Class XIII Preferred Stocks are convertible into Common Stocks at the option of the holder. Material terms and conditions of conversion are as follows:

	Conversion period*1	Conversion ratio*2
First Series Class I Preferred Stocks	March 12, 2003 to July 31, 2005	4.000 to be reset on August 1 every year (each, a "Reset Date") as ¥3,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the Tokyo Stock Exchange (the "TSE") for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date, provided that the reset conversion ratio shall be neither less than the conversion ratio applicable on the date immediately prior to the Reset Date nor more than 4.000.
Second Series Class II Preferred Stocks	August 1, 2004 to July 31, 2006	¥2,000,000/(current market price x 1.025), where the current market price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2004 and (y) ¥637,600, to be reset on August 1, 2005 using the same formula <i>mutatis mutandis</i> .
Third Series Class III Preferred Stocks	August 1, 2005 to July 31, 2008	¥2,000,000/(current market price x 1.025), where the current market price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2005 and (y) ¥637,600, to be reset on August 1, 2006 and August 1, 2007 using the same formula <i>mutatis mutandis</i> .
Seventh Series Class VII Preferred Stocks	October 1, 2006 to January 31, 2011	¥2,000,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to October 1, 2006 multiplied by 1.025 and (y) ¥420,000; to be reset on October 1 of each year between 2007 and 2010 (each, a "Reset Date") as ¥2,000,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price effective as of the Reset Date, provided that the conversion price shall not be less than 80% of the initial conversion price.



Eighth Series Class VIII Preferred Stocks	October 1, 2004 to January 31, 2009	¥2,000,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to October 1, 2004 multiplied by 1.025 and (y) ¥540,000; to be reset on October 1 of each year between 2005 and 2008 (each, a "Reset Date") as ¥2,000,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price effective as of the Reset Date, provided that the conversion price shall not be less than 70% of the initial conversion price.
Ninth Series Class IX Preferred Stocks	September 1, 2003 to August 31, 2009	¥1,250,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to September 1, 2003 multiplied by 1.025 and (y) ¥331,000; to be reset on September 1 of each year between 2004 and 2008 using the same formula mutatis mutandis.
Tenth Series Class X Preferred Stocks	July 1, 2003 to August 31, 2009	¥565,000 to be reset on September 1 of each year between 2003 and 2008 (each, a "Reset Date") as ¥1,250,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date multiplied by 1.025 and (y) ¥331,000.
Eleventh Series Class XI Preferred Stocks	July 1, 2008 to June 30, 2016	¥1,000,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to July 1, 2008 and (y) ¥50,000; to be reset on July 1 of each year between 2009 and 2015 (each, a "Reset Date") as ¥1,000,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price effective as of the Reset Date, provided that the conversion price shall not be less than 60% of the initial conversion price or ¥50,000.
Twelfth Series Class XI Preferred Stocks	July 1, 2003 to June 30, 2011	¥71,400 to be reset on July 1 of each year between 2004 and 2010 (each, a "Reset Date") as ¥1,000,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price effective as of the Reset Date, provided that the conversion price shall not be less than 60% of the initial conversion price.

Notes: 1. If the date to determine the shareholders entitled to exercise their voting rights at a general meeting of the shareholders of MHFG (the "Record Date") is prescribed, the period from and including the date immediately following such Record Date to and including the date on which such general meeting is concluded shall be excluded.

2. Subject to adjustment, where allotment of new Common Stocks for a subscription price below the "current market price" or "conversion price," a stock split, allotment of securities convertible into Common Stocks at a conversion ratio more favorable than the Preferred Stocks, merger or amalgamation, or a capital decrease or consolidation occurs and in certain other circumstances.

## Notes to Consolidated Financial Statements

Each Preferred Stock which has not been converted as described above by the end of the relevant conversion period will be converted into Common Stocks on the day following the end of the conversion period on the following terms:

First Series Class I Preferred Stocks	August 1, 2005	¥3,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2005, provided that the conversion ratio shall not be more than 4.000 (*).
Second Series Class II Preferred Stocks	August 1, 2006	¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2006, provided that the conversion ratio shall not be more than 3.137 (*).
Third Series Class III Preferred Stocks	August 1, 2008	¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2008, provided that the conversion ratio shall not be more than 3.137 (*).
Seventh Series Class VII Preferred Stocks	February 1, 2011	¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to February 1, 2011, provided that the conversion ratio shall not be more than the figure obtained by dividing ¥2,000,000 by the amount equal to 60% of the amount obtained by dividing ¥2,000,000 by the initial conversion ratio.
Eighth Series Class VIII Preferred Stocks	February 1, 2009	¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to February 1, 2009, provided that the conversion ratio shall not be more than the figure obtained by dividing ¥2,000,000 by the amount equal to 60% of the amount obtained by dividing ¥2,000,000 by the initial conversion ratio.
Ninth Series Class IX Preferred Stocks	September 1, 2009	¥1,250,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to September 1, 2009, provided that the conversion ratio shall not be more than the number obtained by dividing ¥1,250,000 by ¥331,000.

\* Subject to adjustment, where a stock split or consolidation of share capital occurs.

Tenth Series Class X Preferred Stocks	September 1, 2009	¥1,250,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to September 1, 2009, provided that the conversion ratio shall not be more than the number obtained by dividing ¥1,250,000 by ¥331,000.
Eleventh Series Class XI Preferred Stocks	July 1, 2016	¥1,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to July 1, 2016, provided that the current market price shall not be less than 60% of initial conversion price or ¥50,000.
Twelfth Series Class XI Preferred Stocks	July 1, 2011	¥1,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Common Stocks as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to July 1, 2011, provided that the current market price shall not be less than 60% of initial conversion price or ¥50,000.

Number of common stocks held by subsidiaries and affiliates is 1,166 thousand.

Financial Data of Mizuho Financial Group, Inc.  
**Notes to Consolidated Financial Statements**

## 26. Interest Income and Interest Expenses

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Interest Income:		
Loans and Bills Discounted	¥ 1,433,961	\$ 11,929,794
Securities	347,927	2,894,569
Call Loans and Bills Purchased	11,125	92,555
Due from Banks	42,801	356,086
Receivables under Resale Agreements	113,940	947,926
Securities Borrowing Transactions	770	6,409
Other Interest Income	40,710	338,691
<b>Total</b>	<b>1,991,236</b>	<b>16,566,030</b>
Interest Expenses:		
Deposits	193,915	1,613,273
Debentures	117,776	979,841
Amortization of Debenture Charges	3,146	26,177
Call Money and Bills Sold	7,024	58,437
Payables under Repurchase Agreements	189,919	1,580,030
Securities Lending Transactions	8,724	72,587
Commercial Paper	841	7,003
Borrowed Money	44,228	367,957
Bonds and Notes	59,883	498,195
Bonds with Stock Options	179	1,490
Other Interest Expenses	109,219	908,651
<b>Total</b>	<b>734,859</b>	<b>6,113,641</b>
<b>Net</b>	<b>¥ 1,256,377</b>	<b>\$ 10,452,389</b>

## 27. Trading Income

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Trading Income:		
Net Gains on Trading Securities and Derivatives	¥ 65,294	\$ 543,213
Net Gains on Securities Held to Hedge Trading Transactions	5,777	48,066
Net Gains on Derivatives for Trading Transactions	171,487	1,426,685
Other Trading Income	1,965	16,353
<b>Total</b>	<b>¥ 244,524</b>	<b>\$ 2,034,317</b>

## 28. Other Operating Income

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Gains on Foreign Exchange Transactions	¥ 74,342	\$ 618,487
Gains on Sales of Bonds	276,107	2,297,064
Other	66,523	553,437
<b>Total</b>	<b>¥ 416,972</b>	<b>\$ 3,468,988</b>

## 29. Other Income

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Gains on Sales of Stock and Other Securities	¥ 75,862	\$ 631,137
Gains on Money Held in Trust	792	6,592
Gains on Sales of Premises and Equipment	1,285	10,695
Recovery on Written-off Claims	4,210	35,033
Gains on Securities Contributed to Employee Retirement Benefit Trust	43,847	364,791
Other	117,434	976,993
<b>Total</b>	<b>¥ 243,434</b>	<b>\$ 2,025,241</b>

## 30. Other Operating Expenses

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Amortization of Debenture Issuance Costs	¥ 2,326	\$ 19,359
Losses on Sales of Bonds	60,917	506,802
Losses on Devaluation of Bonds	2,897	24,105
Other	84,075	699,467
<b>Total</b>	<b>¥ 150,217</b>	<b>\$ 1,249,733</b>

## 31. Other Expenses

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Provision of Reserve for Possible Losses on Loans	¥ 932,421	\$ 7,757,254
Write-offs of Claims	735,111	6,115,740
Losses on Sales of Stocks and Other Securities	389,498	3,240,419
Losses on Devaluation of Stocks and Other Securities	607,474	5,053,864
Losses on Money Held in Trust	1,780	14,813
Provision for Reserve for Possible Losses on Loans Sold	10,763	89,549
Losses on Dispositions of Premises and Equipment	102,104	849,451
Equity in Losses from Investment in Affiliates	3,491	29,051
Amortization of Unrecognized Net Obligation at Date of Initial Application of the Accounting Standard for Employee Retirement Benefits	32,967	274,273
Transfer to Reserve for Contingencies	6,920	57,574
Other	679,082	5,649,602
<b>Total</b>	<b>¥ 3,501,617</b>	<b>\$ 29,131,590</b>

## 32. Cash Flows

Cash and Cash Equivalents reconciles to Cash and Due from Banks on the Consolidated Balance Sheet as follows:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Cash and Due from Banks	¥ 7,849,717	\$ 65,305,469
Less: Due from Banks except for due from Central Banks	(801,212)	(6,665,659)
<b>Cash and Cash Equivalents</b>	<b>¥ 7,048,505</b>	<b>\$ 58,639,810</b>

### 33. Lease Transactions

#### Finance Leases (Lessees)

The Acquisition Cost Equivalents, Accumulated Depreciation Equivalents and Book Value Equivalents relating to finance lease transactions accounted for as operating leases were summarized as follows:

At March 31, 2003	Millions of yen			Thousands of U.S. dollars		
	Equipment	Others	Total	Equipment	Others	Total
Acquisition Cost Equivalents	¥ 70,731	¥ 2,250	¥ 72,982	\$ 588,450	\$ 18,726	\$ 607,176
Accumulated Depreciation Equivalents	46,566	1,175	47,742	387,410	9,783	397,193
Book Value Equivalents	¥ 24,164	¥ 1,074	¥ 25,239	\$ 201,040	\$ 8,943	\$ 209,983

Future lease payments subsequent to the end of the fiscal year for finance leases accounted for as operating leases (including the interest portion thereon) were summarized as follows:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Due in One Year or Less	¥ 12,031	\$ 100,097
Due after One Year	29,809	248,002
<b>Total</b>	<b>¥ 41,841</b>	<b>\$ 348,099</b>

Lease expense, depreciation equivalents and interest expense equivalents relating to finance leases accounted for as operating leases for the fiscal year ended March 31, 2003 amounted to ¥13,242 million (\$110,173 thousand), ¥16,132 million (\$134,218 thousand), and ¥1,313 million (\$10,927 thousand), respectively.

- Notes: 1. The computing method for the amount of depreciation equivalents is as follows:  
 Depreciation equivalents are calculated by the declining-balance method, computed by multiplying the amounts by 10/9, which itself is computed assuming that the useful life is the lease term and that the residual value at the end of the lease term is 10% of the acquisition cost.
2. The computing method for the amount of interest expenses equivalents is as follows:  
 The amounts are defined as the difference between total lease payments and acquisition equivalents, which are allocated over the lease term by the interest method.

#### Operating Leases

The future lease payments subsequent to the end of fiscal year for operating lease transactions were summarized as follows:

##### Lessees:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Due in One Year or Less	¥ 12,828	\$ 106,724
Due after One Year	90,492	752,847
<b>Total</b>	<b>¥ 103,320</b>	<b>\$ 859,571</b>

##### Lessors:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Due in One Year or Less	¥ 79	\$ 662
Due after One Year	106	890
<b>Total</b>	<b>¥ 186</b>	<b>\$ 1,552</b>

### 34. Deferred Tax Assets and Liabilities

Deferred Tax Assets and Liabilities consisted of the following:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Deferred Tax Assets:		
Tax Losses Carried Forward	¥ 2,257,910	\$ 18,784,610
Reserve for Possible Losses on Loans	1,026,644	8,541,137
Securities	515,460	4,288,355
Securities Contributed to Employee Retirement Benefit Trust	132,214	1,099,951
Other	219,325	1,824,669
Deferred Tax Assets Subtotal:	4,151,554	34,538,722
Valuation Allowance	(1,809,550)	(15,054,498)
<b>Net</b>	<b>¥ 2,342,003</b>	<b>\$ 19,484,224</b>
Deferred Tax Liabilities:		
Prepaid Pension Cost	¥ (126,167)	\$ (1,049,643)
Other	(89,869)	(747,666)
<b>Total</b>	<b>¥ (216,036)</b>	<b>\$ (1,797,309)</b>
<b>Net Deferred Tax Assets</b>	<b>¥ 2,125,967</b>	<b>\$ 17,686,915</b>

Balances reported on the Consolidated Balance Sheet:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Deferred Tax Assets	¥ 2,130,243	\$ 17,722,491
Deferred Tax Liabilities	(4,276)	(35,576)
<b>Net Deferred Tax Assets</b>	<b>¥ 2,125,967</b>	<b>\$ 17,686,915</b>

MHFG and domestic subsidiaries are subject to a number of different income taxes.



### 35. Segment Information

#### (a) Segment Information by Type of Business

MHFG is engaged in securities, trust, leasing and other activities as well as banking business. Such segment information, however, has not been presented, as the percentages of those activities are insignificant.

#### (b) Segment Information by Geographic Area

Segment information by geographic area at March 31, 2003 and for the fiscal year ended March 31, 2003 was as follows:

Millions of yen						
2003 Geographic Area	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expenses	Ordinary Profit (Loss)	Total Assets
Japan	¥ 2,716,129	¥ 25,237	¥ 2,741,366	¥ 4,914,101	¥ (2,172,734)	¥ 126,050,751
Americas	327,148	92,806	419,954	349,570	70,384	13,504,905
Europe	278,081	54,865	332,947	383,136	(50,188)	7,543,064
Asia / Oceania excluding Japan	114,637	17,314	131,952	98,838	33,114	5,016,293
<b>Total</b>	<b>3,435,997</b>	<b>190,224</b>	<b>3,626,221</b>	<b>5,745,645</b>	<b>(2,119,424)</b>	<b>152,115,014</b>
Elimination and General Corporate Assets	—	(190,224)	(190,224)	(179,101)	(11,122)	(18,082,267)
<b>Consolidated Results</b>	<b>¥ 3,435,997</b>	<b>¥ —</b>	<b>¥ 3,435,997</b>	<b>¥ 5,566,544</b>	<b>¥ (2,130,547)</b>	<b>¥ 134,032,747</b>

Thousands of U.S. dollars						
2003 Geographic Area	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expenses	Ordinary Profit (Loss)	Total Assets
Japan	\$ 22,596,749	\$ 209,963	\$ 22,806,712	\$ 40,882,705	\$(18,075,993)	\$1,048,675,136
Americas	2,721,699	772,097	3,493,796	2,908,238	585,558	112,353,625
Europe	2,313,492	456,456	2,769,948	3,187,490	(417,542)	62,754,281
Asia / Oceania excluding Japan	953,727	144,046	1,097,773	822,281	275,492	41,732,887
<b>Total</b>	<b>28,585,667</b>	<b>1,582,562</b>	<b>30,168,229</b>	<b>47,800,714</b>	<b>(17,632,485)</b>	<b>1,265,515,929</b>
Elimination and General Corporate Assets	—	(1,582,562)	(1,582,562)	(1,490,028)	(92,534)	(150,434,839)
<b>Consolidated Results</b>	<b>\$ 28,585,667</b>	<b>\$ —</b>	<b>\$ 28,585,667</b>	<b>\$ 46,310,686</b>	<b>\$(17,725,019)</b>	<b>\$ 1,115,081,090</b>

- Notes: 1. Geographic analyses are presented based on geographic contiguity, similarities in economic activities, and relation of business operations.  
2. Ordinary Income represents Total Income less certain special income, and Ordinary Expenses represent Total Expenses less certain special expenses.  
3. Ordinary Profit (Loss) represents Ordinary Income less Ordinary Expenses.  
4. Americas includes the United States of America and Canada. Europe includes the United Kingdom. Asia / Oceania includes Hong Kong and the Republic of Singapore.

#### (c) Ordinary Income of Overseas Entities

Ordinary Income from Overseas Entities for the fiscal year ended March 31, 2003 consisted of the following:

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
Ordinary Income from Overseas Entities	¥ 719,867	\$ 5,988,917
Total Ordinary Income	3,435,997	28,585,667
Ordinary Income from Overseas Entities' Ratio	20.95%	/

- Notes: 1. Ordinary Income from Overseas Entities represents Ordinary Income recorded by overseas branches of MHCB, MHBK and other overseas subsidiaries excluding Inter-segment Ordinary Income. Ordinary Income from international operations is presented in lieu of Sales as is the case for non-financial companies.  
2. Segment information on Ordinary Income from Overseas Entities is not presented as no such information is compiled.

## 36. Subsequent Events

### Appropriation of Retained Earnings

The following Appropriation of Retained Earnings was approved at the shareholders' meeting held on June 25, 2003.

		Millions of yen	Thousands of U.S. dollars
Cash Dividends:			
First Series Class I Preferred Shares	¥ 22,500 per Share	¥ 742	\$ 6,177
Second Series Class II Preferred Shares	¥ 8,200 per Share	820	6,822
Third Series Class III Preferred Shares	¥ 14,000 per Share	1,400	11,647
Fourth Series Class IV Preferred Shares	¥ 47,600 per Share	7,140	59,401
Sixth Series Class VI Preferred Shares	¥ 42,000 per Share	6,300	52,413
Seventh Series Class VII Preferred Shares	¥ 11,000 per Share	1,375	11,439
Eighth Series Class VIII Preferred Shares	¥ 8,000 per Share	1,000	8,319
Ninth Series Class IX Preferred Shares	¥ 17,500 per Share	2,450	20,383
Tenth Series Class X Preferred Shares	¥ 5,380 per Share	753	6,266
Eleventh Series Class XI Preferred Shares	¥ 165 per Share	155	1,295
Twelfth Series Class XI Preferred Shares	¥ 21 per Share	2	18
Thirteenth Series Class XIII Preferred Shares	¥ 247 per Share	9	75

## 37. Fair Value of Securities and Money Held in Trust

The following tables contain information relating to Securities, Cash and Due from Banks (negotiable certificates of deposit) and Other Debt Purchased (commercial paper, etc.) at March 31, 2003.

At March 31, 2003	Cost	Gross unrealized		Fair value
		Gains	Losses	
		Millions of yen		
Other Securities* <sup>2</sup>	¥ 21,804,533	¥ 359,370	¥ 378,942	¥ 21,784,962
Stocks* <sup>3</sup>	3,946,430	166,085	356,656	3,755,859
Bonds:	12,289,041	88,571	1,073	12,376,539
Japanese National Government Bonds	11,889,955	79,316	575	11,968,696
Japanese Local Government Bonds	110,364	6,703	40	117,027
Corporate Bonds	288,721	2,550	457	290,815
Other	5,569,061	104,713	21,212	5,652,563
Money Held in Trust				
Other Money Held in Trust	1,786	—	15	1,771

At March 31, 2003	Cost	Gross unrealized		Fair value
		Gains	Losses	
		Thousands of U.S. dollars		
Other Securities* <sup>2</sup>	\$ 181,402,110	\$ 2,989,774	\$ 3,152,598	\$ 181,239,286
Stocks* <sup>3</sup>	32,832,201	1,381,744	2,967,192	31,246,753
Bonds:	102,238,282	736,866	8,930	102,966,218
Japanese National Government Bonds	98,918,096	659,873	4,786	99,573,183
Japanese Local Government Bonds	918,173	55,772	338	973,607
Corporate Bonds	2,402,013	21,221	3,806	2,419,428
Other	46,331,627	871,164	176,476	47,026,315
Money Held in Trust				
Other Money Held in Trust	14,862	—	127	14,735

\*1 A summary of Trading Securities and Money Held in Trust for Investment Purposes and related unrealized gains and losses are as follows:

At March 31, 2003	Millions of yen		Thousands of U.S. dollars	
	Fair value	Unrealized gains (losses)	Fair value	Unrealized gains (losses)
Trading Securities	¥ 6,382,931	¥ 4,976	\$ 53,102,594	\$ 41,404
Money Held in Trust for Investment Purposes	31,769	(26)	264,308	(223)

\*2 In addition to the balances shown in the above table, Other Securities included securities without fair values such as unlisted stock (excluding OTC stock) of ¥581,590 million (\$4,838,522 thousand) and non-publicly offered bonds of ¥1,026,310 million (\$8,538,357 thousand) as of March 31, 2003.

\*3 Fair value of Stocks is determined based on the average market prices during one-month periods before the balance sheet date as at March 31, 2003.

**Projected Redemption Amounts for Securities Classified as Other Securities**

At March 31, 2003	Millions of yen			
	Within 1 year	1-5 years	5-10 years	Over 10 years
Bonds:	¥ 3,677,837	¥ 5,138,277	¥ 4,420,842	¥ 165,867
Japanese National Government Bonds	3,567,541	4,143,028	4,148,350	109,776
Japanese Local Government Bonds	7,691	36,671	71,943	12,530
Corporate Bonds	102,604	958,576	200,548	43,561
Other	745,266	3,192,613	575,322	1,256,281
<b>Total</b>	<b>¥ 4,423,104</b>	<b>¥ 8,330,890</b>	<b>¥ 4,996,165</b>	<b>¥ 1,422,149</b>

At March 31, 2003	Thousands of U.S. dollars			
	Within 1 year	1-5 years	5-10 years	Over 10 years
Bonds:	\$ 30,597,652	\$ 42,747,729	\$ 36,779,056	\$ 1,379,931
Japanese National Government Bonds	29,680,045	34,467,791	34,512,067	913,280
Japanese Local Government Bonds	63,991	305,088	598,535	104,244
Corporate Bonds	853,616	7,974,850	1,668,454	362,407
Other	6,200,219	26,560,848	4,786,379	10,451,597
<b>Total</b>	<b>\$ 36,797,871</b>	<b>\$ 69,308,577</b>	<b>\$ 41,565,435</b>	<b>\$ 11,831,528</b>

**Other Securities Sold during the Fiscal Year**

For the Fiscal Year ended March 31, 2003	Millions of yen			Thousands of U.S. dollars		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Other Securities	¥ 48,709,089	¥ 352,189	¥ 435,822	\$ 405,233,686	\$ 2,930,029	\$ 3,625,808

**Net Unrealized Losses on Other Securities**

Net Unrealized Losses on Other Securities as of March 31, 2003 are as follows:

At March 31, 2003	Millions of yen		Thousands of U.S. dollars	
Difference between cost and fair value	¥	(19,752)	\$	(164,334)
Other Securities		(19,737)		(164,207)
Other Money Held in Trust		(15)		(127)
Deferred Tax Assets		560		4,665
Deferred Tax Liabilities		3,891		32,378
Difference between cost and fair value, net of Taxes		(23,084)		(192,047)
Amount corresponding to Minority Interests		1,592		13,246
Amount corresponding to Net Unrealized Losses on Other Securities owned by affiliated companies, which corresponds to the holding shares by their investor companies		75		627
<b>Net Unrealized Losses on Other Securities, net of Taxes</b>	<b>¥</b>	<b>(24,600)</b>	<b>\$</b>	<b>(204,666)</b>

## 38. Derivatives Information

### (A) Risk Control for Derivatives

#### (1) Details of Derivative Financial Products

MHFG transacts primarily in the following derivative financial products:

(i) **Interest rate-related products**

Swaps, interest rate guarantees (FRA options), futures, futures options, and options

(ii) **Currency-related products**

Futures, futures options, options, swaps, and forward trading

(iii) **Bond-related products**

Futures, futures options, and over-the-counter options

(iv) **Stock-related products**

Index futures, index futures options, and over-the-counter options

(v) **Other products**

Credit derivatives, commodity derivatives, weather derivatives, etc.

#### (2) Purposes for Using Derivative Financial Products

MHFG uses derivative financial products in response to the diverse needs of customers, for risk controls related to the assets and liabilities of MHFG as a part of asset and liability management ("ALM"), and for trading purposes.

As risk controls related to assets and liabilities, MHFG primarily utilizes macro-hedges for the total management of interest rate risk related to numerous financial assets and liabilities, such as loans and deposits, by using interest rate swaps, etc., as hedging methods. MHFG applies hedge accounting to the majority of these products, treating them as deferred hedges. The effectiveness of the hedges are assessed by periodically checking whether the total net risk amount of derivative financial products falls within the risk limit as set out in the risk management policy, and whether interest rate risk exposures from hedged items have been reduced.

#### (3) Trading Guidelines

In accordance with the purposes of using derivative financial products, MHFG deals in derivative financial products based on the following guidelines:

(i) **Responding to Customer Needs**

After obtaining an adequate understanding of customer requirements, we follow the group's common policy toward selling financial products by recommending the most appropriate financial vehicle according to each customer's knowledge, experience and asset position. When actually making a sale, we endeavor to give full explanations to our customers to ensure that they clearly understand the nature of each product, the risks involved and other important matters.

(ii) **Risk control of assets and liabilities of MHFG (ALM)**

MHFG's ALM & Market Risk Committee meets periodically to confirm or revise the trading guidelines for the purposes of securing stable income while appropriately controlling risk.

(iii) **Trading activities**

MHFG engages in trading activities to maximize income under reasonable risk limits and strict management.

#### (4) Details of Trading-Related Risk

The following are the main risks, inherent in derivatives trading.

(i) **Credit risk:**

The risk of incurring a loss because the counter-parties are unable to fulfill their obligations due to bankruptcy or other reasons.

(ii) **Market risk:**

The risk of incurring a loss because the value of the derivative products decrease caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices.

(iii) **Market liquidity risk:**

The risk of incurring a loss from the inability to execute transactions in the market on unfavorable prices due to illiquidity of the products.

## (5) Derivative Trading Risk Control Structure

### (i) Credit risk management structure

The Board of Directors determines important items concerning credit risk in accordance with the Basic Policy for Credit Risk Management. MHFG has established the Portfolio Management Committee as one of its business policy committees. This committee conducts overall deliberation on and adjustment of MHFG's credit portfolio management procedures. Under the jurisdiction of the Chief Risk Officer, the Risk Management Department and the Credit Risk Management Department jointly formulate and implement plans for basic matters related to credit risk management.

The amount of credit risk on derivatives trading (credit risk equivalent) calculated into the BIS capital adequacy ratio (international capital adequacy standards) is ¥3,159,626 million.

### (ii) Market risk management structure

The Basic Policies for Market and Liquidity Risk Management are determined by the Board of Directors, and MHFG has established the Risk Management Department. This department is responsible for monitoring market risk, reports and analyses, proposals, setting limits, and for formulating and implementing plans relating to market risk management as a specialized risk management section.

MHFG and its consolidated subsidiaries have established a solid management structure for market risk including comprehensive management (ALM) of interest rate risk and other types of risk. Through this structure, they comprehensively ascertain and manage risk, while managing assets to secure stable income and appropriately controlling risk.

MHFG has established the ALM & Market Risk Committee as one of the business policy committees charged with conducting overall deliberation on and adjustment of market risk management procedures. The committee decides the entire group's monthly funding and investment policies, discusses and coordinates matters relating to ALM policies, risk planning and market risk management, and responds to emergencies such as sudden market changes.

In regards to reporting, the Risk Management Department receives the relevant data from the five core subsidiaries, as well as reports on risk profile and compliance with risk limits, both on a regular basis and as considered necessary. Based on these reports, MHFG obtains a solid grasp of the market risk management situation. Reports on the status of market risk and compliance with risk limits are submitted to the CEO on a daily basis, and to the Board of Directors and the Executive Management Committee, on a regular basis and as considered necessary.

#### Value at Risk

Value at Risk (VAR) related to MHFG's trading activities is as follows:

#### (a) The standards used for calculating VAR

- Confidence interval: one-tailed 99.0% (two-tailed 98%)
- Holding period: 1 day
- Historical observation period: 1 year (265 business days, 264 return)

#### (b) VAR results during the period covered

- Maximum: ¥4.1 billion for the fiscal year ended March 31, 2003
- Average: ¥2.9 billion for the fiscal year ended March 31, 2003

The period covered is from April 1, 2002 to March 31, 2003 (MHFD's VAR results were used during the period from April 1, 2002 to January 7, 2003).

Note: Value at Risk (VAR) is a method of measuring market risk. It is defined as the maximum possible loss that could be incurred on our portfolio as a result of market movements within a certain period (holding period) and degree of probability (confidence interval). The actual amount of the VAR may vary according to the length of the holding periods and the confidence interval, as well as the models used for measuring the volatility of market risk factors.

## Credit Risk Equivalent Amounts

Credit risk equivalent amounts at March 31, 2003 consisted of the following:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
Interest rate Swaps	¥ 10,206,400	\$ 84,911,816
Currency Swaps	869,011	7,229,716
Foreign Exchange Forward Transactions	550,671	4,581,293
Interest rate Options (Buy)	137,792	1,146,361
Currency Options (Buy)	277,023	2,304,691
Other Financial Derivative Products	136,174	1,132,896
Effect of Reduction in the Credit Risk Equivalent Amount due to Lump-sum Settlement Netting Contracts	(9,017,447)	(75,020,360)
<b>Total</b>	<b>¥ 3,159,626</b>	<b>\$ 26,286,413</b>

Note: The above is the credit risk equivalent amount based on the consolidated capital adequacy ratio (a uniform international standard).

## (B) Market Value of Derivatives

The market value of derivatives at March 31, 2003 was as follows:

In the following tables:

- (i) Contract value represents notional amounts for swap transactions and contract amounts for other transactions.
- (ii) Market values of listed contracts are based on the closing prices of the Tokyo Stock Exchange and the Tokyo International Financial Futures Exchange and others. Market values of over-the-counter contracts are based on the discounted value of future cash flows or option pricing models.

### (1) Interest Rate-Related Transactions

At March 31, 2003	Contract value		Market value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	¥ 30,372,072	¥ 2,736,609	¥ (218,281)	¥ (218,281)
Bought	31,180,316	2,709,882	222,582	222,582
Options:				
Sold	7,036,119	666,435	4,877	1,118
Bought	7,959,168	429,337	6,931	3,352
Over-the-Counter:				
FRAs:				
Sold	32,797,851	7,228,548	32,768	32,768
Bought	29,982,492	5,090,079	(33,979)	(33,979)
Swaps:				
Receive Fixed / Pay Float	264,936,816	178,494,093	8,028,427	8,028,427
Receive Float / Pay Fixed	263,164,417	178,174,511	(7,601,998)	(7,601,998)
Receive Float / Pay Float	40,855,230	31,519,466	(13,189)	(13,189)
Receive Fixed / Pay Fixed	149,593	137,750	4,349	4,349
Options:				
Sold	9,144,409	5,836,780	(64,593)	(64,593)
Bought	9,476,903	5,875,857	68,092	68,092
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 428,650</b>

At March 31, 2003	Contract value		Market value	Thousands of U.S. dollars
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	\$ 252,679,475	\$ 22,767,135	\$ (1,815,982)	\$ (1,815,982)
Bought	259,403,636	22,544,781	1,851,768	1,851,768
Options:				
Sold	58,536,770	5,544,390	40,575	9,306
Bought	66,216,041	3,571,861	57,667	27,892
Over-the-Counter:				
FRAs:				
Sold	272,860,665	60,137,677	272,618	272,618
Bought	249,438,370	42,346,749	(282,689)	(282,689)
Swaps:				
Receive Fixed / Pay Float	2,204,133,246	1,484,975,820	66,792,245	66,792,245
Receive Float / Pay Fixed	2,189,387,835	1,482,317,071	(63,244,580)	(63,244,580)
Receive Float / Pay Float	339,893,763	262,225,180	(109,730)	(109,730)
Receive Fixed / Pay Fixed	1,244,541	1,146,009	36,183	36,183
Options:				
Sold	76,076,615	48,558,909	(537,380)	(537,380)
Bought	78,842,789	48,884,006	566,497	566,497
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 3,566,148</b>

Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.

2. Derivative transactions qualifying for hedge accounting are excluded from the above table.

Financial Data of Mizuho Financial Group, Inc.  
**Notes to Consolidated Financial Statements**

**(2) Currency-Related Transactions**

At March 31, 2003	Contract value		Market value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Currency Swaps	¥ 19,455,734	¥ 12,610,653	¥ (134,626)	¥ (163,955)

At March 31, 2003	Contract value		Market value	Thousands of U.S. dollars
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Currency Swaps	\$ 161,861,349	\$ 104,913,926	\$ (1,120,019)	\$ (1,364,020)

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.
2. Derivative transactions qualifying for hedge accounting and the following transactions described in note 4 are excluded from the above table.
3. Currency Swap Transactions which are accounted for on an accrual basis in accordance with "Tentative Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Foreign Currency Transaction' for Banks" (JICPA Industry Audit Committee Report No. 20) or "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25), are excluded from the above table.

Currency swap transactions accounted for under the accrual method are as follows:

At March 31, 2003	Millions of yen			Thousands of U.S. dollars		
	Contract value	Market value	Unrealized gains (losses)	Contract value	Market value	Unrealized gains (losses)
Currency Swaps	¥ 370,040	¥ 1,893	¥ (1,622)	\$ 3,078,540	\$ 15,754	\$ (13,495)

4. The following currency forwards, currency options and other transactions are excluded from the above table:
- \* Transactions which are marked to market and of which charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.
  - \* Transactions which are for financial assets and liabilities denominated in foreign currencies and recognized on the Consolidated Balance Sheets.
  - \* Transactions denominated in foreign currencies which are eliminated in the consolidation process.

Currency-related derivatives which are marked to market are as follows:

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
	Contract value	Contract value
Listed:		
Futures:		
Sold	¥ 2,644	\$ 22,001
Bought	3,173	26,405
Over-the-Counter:		
Forwards:		
Sold	13,474,009	112,096,582
Bought	17,495,358	145,552,068
Options:		
Sold	4,065,115	33,819,597
Bought	4,124,246	34,311,538

### (3) Stock-Related Transactions

At March 31, 2003	Millions of yen				Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Listed:								
Index Futures:								
Sold	¥ 61,583	¥ —	¥ 1,641	¥ 1,641	\$ 512,343	\$ —	\$ 13,657	\$ 13,657
Bought	3,170	—	(105)	(105)	26,376	—	(879)	(879)
Index Futures Options:								
Sold	17,671	—	256	(0)	147,013	—	2,134	(6)
Bought	50,796	—	390	33	422,600	—	3,248	281
Over-the-Counter:								
Options:								
Sold	40,095	2,081	1,664	116	333,571	17,318	13,844	968
Bought	74,223	6,893	3,527	(938)	617,501	57,350	29,349	(7,804)
Forwards:								
Sold	—	—	—	—	—	—	—	—
Bought	2,233	—	(142)	(142)	18,580	—	(1,189)	(1,189)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 604</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 5,028</b>

Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.

2. Derivative transactions qualifying for hedge accounting are excluded from the above table.

### (4) Bond-Related Transactions

At March 31, 2003	Millions of yen				Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Listed:								
Index Futures:								
Sold	¥ 624,250	¥ —	¥ (503)	¥ (503)	\$ 5,193,432	\$ —	\$ (4,192)	\$ (4,192)
Bought	852,153	—	3,293	3,293	7,089,461	—	27,401	27,401
Index Futures Options:								
Sold	173,073	—	409	164	1,439,883	—	3,406	1,372
Bought	133,577	—	465	(129)	1,111,295	—	3,876	(1,078)
Over-the-Counter:								
Options:								
Sold	31,513	—	114	41	262,172	—	956	348
Bought	68,548	707	563	144	570,289	5,882	4,685	1,200
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 3,011</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 25,051</b>

Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.

2. Derivative transactions qualifying for hedge accounting are excluded from the above table.



**(5) Commodity-Related Transactions**

At March 31, 2003	Millions of yen				Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Over-the-Counter:								
Options:								
Sold	¥ 131,197	¥ 77,335	¥ 6,174	¥ 1,779	\$ 1,091,497	\$ 643,388	\$ 51,370	\$ 14,802
Bought	131,197	77,335	3,607	1,004	1,091,497	643,388	30,016	8,361
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 2,784</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 23,163</b>

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.  
2. Derivative transactions qualifying for hedge accounting are excluded from the above table.  
3. Commodities are oil, copper, aluminium and others.

**(6) Credit Derivative Transactions**

At March 31, 2003	Millions of yen				Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Over-the-Counter:								
Credit Derivatives:								
Sold	¥ 19,669	¥ 16,278	¥ 17	¥ 17	\$ 163,642	\$ 135,425	\$ 142	\$ 142
Bought	502,951	498,680	84,555	84,555	4,184,293	4,148,759	703,453	703,453
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 84,572</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 703,595</b>

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.  
2. Derivative transactions qualifying for hedge accounting are excluded from the above table.  
3. "Sold" and "Bought" indicate assumption and cession of credit risk, respectively.

**(7) Weather Derivative Transactions**

At March 31, 2003	Millions of yen				Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Over-the-Counter:								
Weather Derivatives:								
Sold	¥ 166	¥ —	¥ 8	¥ (2)	\$ 1,385	\$ —	\$ 73	\$ (25)
Bought	166	—	7	5	1,385	—	62	42
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 2</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 17</b>

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statement of Operations.  
2. Transactions are related to temperature, etc.

## ***Consolidated Financial Statements of Mizuho Holdings for Fiscal 2001 and 2000***

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## ***Non-Consolidated Financial Statements of Mizuho Financial Group, Inc. and Four Subsidiaries***

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Consolidated Financial Statements of Mizuho Holdings for Fiscal 2001 and 2000  
**Consolidated Balance Sheets**

At March 31,	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Assets</b>			
Cash and Due from Banks	¥ 11,720,134	¥ 5,011,232	\$ 97,505,280
Call Loans and Bills Purchased	942,285	2,343,046	7,839,314
Receivables under Resale Agreements	1,768,766	—	14,715,195
Other Debt Purchased	604,395	703,619	5,028,251
Trading Assets	7,951,419	10,877,475	66,151,576
Money Held in Trust	69,762	392,367	580,391
Securities	24,108,931	28,062,563	200,573,471
Loans and Bills Discounted	84,593,656	92,286,772	703,774,183
Foreign Exchange Assets	1,186,977	845,277	9,875,020
Other Assets	11,067,767	14,940,725	92,077,931
Premises and Equipment	1,753,497	1,713,356	14,588,165
Deferred Debenture Charges	4,843	9,531	40,293
Deferred Tax Assets	2,509,110	1,663,971	20,874,463
Consolidation Differences	64,296	107,764	534,914
Customers' Liabilities for Acceptances and Guarantees	4,923,244	6,129,641	40,958,771
Reserve for Possible Losses on Loans	(1,949,819)	(1,627,632)	(16,221,462)
Reserve for Possible Losses on Investments	(6,841)	(4,233)	(56,921)
<b>Total Assets</b>	<b>¥ 151,312,427</b>	<b>¥ 163,455,480</b>	<b>\$ 1,258,838,835</b>
<b>Liabilities, Minority Interests and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits	¥ 85,606,235	¥ 80,176,482	\$ 712,198,300
Debentures	15,310,890	17,848,257	127,378,459
Call Money and Bills Sold	9,453,692	13,208,076	78,649,684
Payables under Repurchase Agreements	4,855,073	—	40,391,629
Commercial Paper	711,382	2,369,254	5,918,320
Trading Liabilities	4,883,842	4,687,700	40,630,971
Borrowed Money	2,553,382	3,871,945	21,242,781
Foreign Exchange Liabilities	708,231	273,849	5,892,113
Bonds and Notes	2,966,847	3,998,017	24,682,587
Convertible Bonds	8,432	8,088	70,150
Due to Trust Accounts	1,776,404	1,826,412	14,778,743
Other Liabilities	11,278,184	21,186,842	93,828,491
Reserve for Bonus Payments	21,801	—	181,379
Reserve for Employee Retirement Benefits	36,619	126,050	304,655
Reserve for Possible Losses on Loans Sold	49,647	199,093	413,038
Reserve for Possible Losses on Support of Specific Borrowers	—	159,628	—
Other Reserves	135,154	24,740	1,124,413
Deferred Tax Liabilities	15,741	11,462	130,959
Deferred Tax Liabilities for Revaluation Reserve for Land	335,108	343,728	2,787,923
Acceptances and Guarantees	4,923,244	6,129,641	40,958,771
<b>Total Liabilities</b>	<b>145,629,916</b>	<b>156,449,275</b>	<b>1,211,563,366</b>
<b>Minority Interests</b>	<b>951,091</b>	<b>751,933</b>	<b>7,912,573</b>
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock	2,572,000	2,572,000	21,397,670
Capital Surplus	2,203,747	2,203,747	18,334,010
Revaluation Reserve for Land, net of Taxes	534,447	548,533	4,446,316
Retained Earnings	101,133	1,107,231	841,378
Net Unrealized Losses on Other Securities, net of Taxes	(558,485)	—	(4,646,303)
Foreign Currency Translation Adjustments	(120,167)	(175,430)	(999,730)
Subtotal	4,732,675	6,256,083	39,373,341
Treasury Stock	(1,255)	(1,812)	(10,445)
<b>Total Shareholders' Equity</b>	<b>4,731,420</b>	<b>6,254,270</b>	<b>39,362,896</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>¥ 151,312,427</b>	<b>¥ 163,455,480</b>	<b>\$ 1,258,838,835</b>

The rate of ¥120.20 = US \$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

Consolidated Financial Statements of Mizuho Holdings for Fiscal 2001 and 2000  
**Consolidated Statements of Operations**

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Income</b>			
Interest Income	¥ 3,020,489	¥ 3,512,272	\$ 25,128,863
Fiduciary Income	54,443	65,111	452,943
Fee and Commission Income	544,238	513,194	4,527,772
Trading Income	178,884	156,508	1,488,225
Other Operating Income	651,035	577,125	5,416,269
Other Income	866,499	1,089,530	7,208,817
<b>Total Income</b>	<b>5,315,591</b>	<b>5,913,742</b>	<b>44,222,889</b>
<b>Expenses</b>			
Interest Expenses	1,492,876	2,158,303	12,419,936
Fee and Commission Expenses	43,156	85,262	359,042
Other Operating Expenses	451,041	431,320	3,752,429
General and Administrative Expenses	1,368,206	1,228,618	11,382,747
Other Expenses	3,385,481	1,530,161	28,165,399
<b>Total Expenses</b>	<b>6,740,762</b>	<b>5,433,665</b>	<b>56,079,553</b>
<b>Income (Loss) before Income Taxes and Minority Interests</b>	<b>(1,425,170)</b>	<b>480,077</b>	<b>(11,856,664)</b>
Income Taxes:			
Current	110,498	51,621	919,290
Deferred	(545,923)	146,376	(4,541,791)
Minority Interests in Net Income (Loss)	(13,701)	70,819	(113,989)
<b>Net Income (Loss)</b>	<b>¥ (976,044)</b>	<b>¥ 211,260</b>	<b>\$ (8,120,174)</b>

Per Share of Common Stock	Yen		U.S. dollars
	2002	2001	2002
Net Income (Loss):			
Basic	¥ (108,003.27)	¥ 20,524.13	\$ (898.53)
Diluted	—	20,109.99	—
Cash Dividends	3,500	7,000*	29.12

\*Stock transfer payments of ¥3,500 per share of common stock paid instead of interim cash dividends to shareholders of DKB, Fuji Bank and IBI as of September 27, 2000, are included. The rate of ¥120.20 = US \$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

Consolidated Financial Statements of Mizuho Holdings for Fiscal 2001 and 2000  
**Consolidated Statements of Shareholders' Equity**

Millions of yen

For the Fiscal Year ended March 31, 2001	Common Stock and Preferred Stock	Capital Surplus	Revaluation Reserve for Land	Retained Earnings	Foreign Currency Translation Adjustments	Treasury Stock	Total Shareholders' Equity
<b>Balance at April 1, 2000</b>	<b>¥2,572,000</b>	<b>¥2,247,155</b>	<b>¥565,652</b>	<b>¥ 917,065</b>	<b>¥(194,129)</b>	<b>¥(7,597)</b>	<b>¥6,100,145</b>
Stock Transfer Payments	—	(43,407)	—	—	—	—	(43,407)
Effect of the Change in Scope of Consolidated Subsidiaries	—	—	—	730	—	—	730
Transfer from Revaluation Reserve for Land	—	—	(21,748)	21,748	—	—	—
Transfer from Deferred Tax Liabilities Related to Land Revaluation	—	—	4,629	—	—	—	4,629
Effect of the Change in Scope of Consolidated Subsidiaries	—	—	—	(147)	—	—	(147)
Exclusion from Consolidation of Affiliates	—	—	—	(17)	—	—	(17)
Effect of the Change in Foreign Exchange Rate	—	—	—	—	18,699	—	18,699
Cash Dividends	—	—	—	(43,407)	—	—	(43,407)
Bonuses to Directors and Statutory Auditors	—	—	—	(0)	—	—	(0)
Net Income	—	—	—	211,260	—	—	211,260
Treasury Stock Transactions	—	—	—	—	—	5,785	5,785
<b>Balance at March 31, 2001</b>	<b>¥2,572,000</b>	<b>¥2,203,747</b>	<b>¥548,533</b>	<b>¥1,107,231</b>	<b>¥(175,430)</b>	<b>¥(1,812)</b>	<b>¥6,254,270</b>

Millions of yen

For the Fiscal Year ended March 31, 2002	Common Stock and Preferred Stock	Capital Surplus	Revaluation Reserve for Land	Retained Earnings	Net Unrealized Losses on Other Securities, net of Taxes	Foreign Currency Translation Adjustments	Treasury Stock	Total Shareholders' Equity
<b>Balance at April 1, 2001</b>	<b>¥2,572,000</b>	<b>¥2,203,747</b>	<b>¥548,533</b>	<b>¥1,107,231</b>	<b>—</b>	<b>¥(175,430)</b>	<b>¥(1,812)</b>	<b>¥6,254,270</b>
Net Unrealized Losses on Other Securities, net of Taxes, at the Initial Application of New Accounting Standard	—	—	—	—	(558,485)	—	—	(558,485)
Effect of the Change in Foreign Exchange Rate	—	—	—	—	—	55,262	—	55,262
Transfer from Revaluation Reserve for Land	—	—	(13,560)	13,560	—	—	—	—
Transfer to Deferred Tax Liabilities Related to Land Revaluation	—	—	(525)	—	—	—	—	(525)
Effect of the Change in Scope of Consolidated Subsidiaries	—	—	—	(30)	—	—	—	(30)
Exclusion from Consolidation of Affiliates	—	—	—	(175)	—	—	—	(175)
Cash Dividends	—	—	—	(43,407)	—	—	—	(43,407)
Bonuses to Directors and Statutory Auditors	—	—	—	(0)	—	—	—	(0)
Net Loss	—	—	—	(976,044)	—	—	—	(976,044)
Treasury Stock Transactions	—	—	—	—	—	—	556	556
<b>Balance at March 31, 2002</b>	<b>¥2,572,000</b>	<b>¥2,203,747</b>	<b>¥534,447</b>	<b>¥ 101,133</b>	<b>¥(558,485)</b>	<b>¥(120,167)</b>	<b>¥(1,255)</b>	<b>¥4,731,420</b>

Thousands of U.S. dollars

For the Fiscal Year ended March 31, 2002	Common Stock and Preferred Stock	Capital Surplus	Revaluation Reserve for Land	Retained Earnings	Net Unrealized Losses on Other Securities, net of Taxes	Foreign Currency Translation Adjustments	Treasury Stock	Total Shareholders' Equity
<b>Balance at April 1, 2001</b>	<b>\$21,397,670</b>	<b>\$18,334,010</b>	<b>\$4,563,504</b>	<b>\$9,211,580</b>	<b>—</b>	<b>\$(1,459,485)</b>	<b>\$(15,077)</b>	<b>\$52,032,202</b>
Net Unrealized Losses on Other Securities, net of Taxes, at the Initial Application of New Accounting Standard	—	—	—	—	(4,646,303)	—	—	(4,646,303)
Effect of the Change in Foreign Exchange Rate	—	—	—	—	—	459,755	—	459,755
Transfer from Revaluation Reserve for Land	—	—	(112,818)	112,818	—	—	—	—
Transfer to Deferred Tax Liabilities Related to Land Revaluation	—	—	(4,370)	—	—	—	—	(4,370)
Effect of the Change in Scope of Consolidated Subsidiary	—	—	—	(254)	—	—	—	(254)
Exclusion from Consolidation of Affiliates	—	—	—	(1,459)	—	—	—	(1,459)
Cash Dividends	—	—	—	(361,125)	—	—	—	(361,125)
Bonuses to Directors and Statutory Auditors	—	—	—	(8)	—	—	—	(8)
Net Loss	—	—	—	(8,120,174)	—	—	—	(8,120,174)
Treasury Stock Transactions	—	—	—	—	—	—	4,632	4,632
<b>Balance at March 31, 2002</b>	<b>\$21,397,670</b>	<b>\$18,334,010</b>	<b>\$4,446,316</b>	<b>\$841,378</b>	<b>\$(4,646,303)</b>	<b>\$(999,730)</b>	<b>\$(10,445)</b>	<b>\$39,362,896</b>

The rate of ¥120.20 = US \$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

Consolidated Financial Statements of Mizuho Holdings for Fiscal 2001 and 2000  
**Consolidated Statements of Cash Flows**

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>I. Cash Flows from Operating Activities</b>			
Income (Loss) before Income Taxes and Minority Interests	¥ (1,425,170)	¥ 480,077	\$ (11,856,664)
Depreciation	94,749	75,283	788,269
Amortization of Consolidation Differences	21,162	23,002	176,061
Equity in Losses (Income) from Investments in Affiliates	6,771	(18,036)	56,337
Increase (Decrease) in Reserve for Possible Losses on Loans	361,543	(421,915)	3,007,847
Increase (Decrease) in Reserve for Possible Losses on Investments	2,771	(7,631)	23,061
Decrease in Reserve for Possible Losses on Loans Sold	(149,445)	(110,663)	(1,243,310)
Decrease in Reserve for Possible Losses on Support of Specific Borrowers	(159,628)	(64,023)	(1,328,023)
Increase in Reserve for Contingencies	110,171	10,094	916,566
Increase in Reserve for Bonus Payments	21,790	—	181,285
Decrease in Reserve for Retirement Allowance	—	(145,991)	—
Increase (Decrease) in Reserve for Employee Retirement Benefits	(35,370)	125,957	(294,268)
Interest Income—accrual basis	(3,020,489)	(3,512,272)	(25,128,863)
Interest Expenses—accrual basis	1,492,876	2,158,303	12,419,936
Gains on Securities	(201,863)	(700,515)	(1,679,396)
Losses from Money Held in Trust	17,502	9,000	145,611
Foreign Exchange Gains—Net	(413,530)	(578,274)	(3,440,355)
Losses on Disposal of Premises and Equipment	33,119	38,337	275,536
Gains on Establishment of Retirement Benefit Trusts	(89,036)	(11,789)	(740,738)
Net Decrease (Increase) in Trading Assets	3,150,206	(582,053)	26,208,041
Net Decrease in Trading Liabilities	(46,227)	(79,145)	(384,587)
Net Decrease in Loans and Bills Discounted	6,394,050	442,231	53,195,096
Net Increase in Deposits	4,881,370	2,203,779	40,610,404
Net Decrease in Debentures (excluding Subordinated Debentures)	(2,537,366)	(1,531,894)	(21,109,542)
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowed Money)	411,237	(182,296)	3,421,280
Net Decrease in Due from Banks (excluding Deposits with Central Banks)	970,963	253,674	8,077,897
Net Decrease (Increase) in Negotiable Certificates of Deposit	84,287	(46,169)	701,226
Net Decrease in Call Loans	1,319,767	716,387	10,979,762
Net Decrease (Increase) in Cash Placed as Collateral on Securities Borrowed	(528,551)	192,795	(4,397,267)
Net Increase (Decrease) in Call Money	(390,433)	2,053,226	(3,248,199)
Net Increase (Decrease) in Commercial Paper	(1,142,331)	981,573	(9,503,593)
Net Increase (Decrease) in Cash Received as Collateral for Securities Lent	(555,210)	907,528	(4,619,055)
Net Decrease (Increase) in Foreign Exchange Assets	(315,128)	54,677	(2,621,698)
Net Increase (Decrease) in Foreign Exchange Liabilities	424,834	(77,391)	3,534,399
Net Decrease in Issuance, Redemption of Bonds and Notes	(102,909)	(104,109)	(856,155)
Net Increase (Decrease) in Due to Trust Accounts	(50,007)	246,308	(416,039)
Interest Income—cash basis	3,095,889	3,526,703	25,756,154
Interest Expenses—cash basis	(1,603,992)	(2,210,161)	(13,344,367)
Other—net	(3,220,239)	(1,154,274)	(26,790,679)
Subtotal	6,908,130	2,960,333	57,471,970
Cash Paid in Income Taxes	(131,692)	(41,535)	(1,095,612)
<b>Net Cash Provided by Operating Activities</b>	<b>¥ 6,776,438</b>	<b>¥ 2,918,798</b>	<b>\$ 56,376,358</b>

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>II. Cash Flows from Investing Activities</b>			
Payments for Purchase of Securities	¥ (58,967,968)	¥ (80,782,961)	\$ (490,582,103)
Proceeds from Sale of Securities	40,450,103	58,620,081	336,523,320
Proceeds from Redemption of Securities	19,571,083	18,957,642	162,820,993
Payments for Increase in Money Held in Trust	(109,999)	(756,913)	(915,140)
Proceeds from Decrease in Money Held in Trust	429,371	655,289	3,572,146
Payments for Purchase of Premises and Equipment	(193,154)	(117,718)	(1,606,945)
Proceeds from Sale of Premises and Equipment	35,109	63,299	292,094
Payments for Purchase of Stocks of Subsidiaries (affecting the scope of consolidation)	(1,064)	—	(8,855)
Proceeds from Sale of Stocks of Subsidiaries (affecting the scope of consolidation)	318,553	—	2,650,197
Payments for Purchase of Stock of Subsidiaries (not affecting the scope of consolidation)	(1,282)	(961)	(10,666)
Proceeds from Sale of Stock of Subsidiaries (not affecting the scope of consolidation)	—	47	—
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>1,530,751</b>	<b>(3,362,193)</b>	<b>12,735,041</b>
<b>III. Cash Flows from Financing Activities</b>			
Proceeds from Issuance of Subordinated Borrowed Money	116,000	166,000	965,058
Repayments for Subordinated Borrowed Money	(644,800)	(306,778)	(5,364,393)
Proceeds from Issuance of Subordinated Bonds, Notes and Convertible Bonds	274,033	316,134	2,279,809
Redemption of Subordinated Bonds, Notes and Convertible Bonds	(719,117)	(381,781)	(5,982,674)
Proceeds from Investments in Minority Interests	379,874	800	3,160,354
Payments for Minority Interests	(16,487)	—	(137,167)
Dividends Paid	(43,393)	(43,407)	(361,007)
Stock Transfer Payments	—	(43,351)	—
Dividends Paid for Minority Interests	(43,421)	(42,259)	(361,240)
Purchase of Treasury Stock	(323)	(2,814)	(2,693)
Proceeds from Sales of Treasury Stock	233	2,693	1,943
<b>Net Cash Used in Financing Activities</b>	<b>(697,401)</b>	<b>(334,763)</b>	<b>(5,802,010)</b>
<b>IV. Effects of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>17,731</b>	<b>15,074</b>	<b>147,516</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>7,627,520</b>	<b>(763,083)</b>	<b>63,456,905</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Year</b>	<b>2,219,805</b>	<b>2,982,889</b>	<b>18,467,600</b>
<b>VII. Net Increase in Cash and Cash Equivalents Resulted from Inclusion of Subsidiaries in the scope of Consolidation</b>	<b>46</b>	<b>—</b>	<b>387</b>
<b>VIII. Net Decrease in Cash and Cash Equivalents Resulted from Exclusion of Subsidiaries from the Scope of Consolidation</b>	<b>(5)</b>	<b>(0)</b>	<b>(47)</b>
<b>IX. Cash and Cash Equivalents at the End of the Year</b>	<b>¥ 9,847,366</b>	<b>¥ 2,219,805</b>	<b>\$ 81,924,845</b>

The rate of ¥120.20 = US \$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.



Consolidated Financial Statements of Mizuho Holdings for Fiscal 2001 and 2000  
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### 1. Trading Assets and Liabilities

At March 31,	Millions of yen	
	2002	2001
<b>Trading Assets:</b>		
Trading Securities	¥ 3,437,246	¥ 6,116,519
Derivatives for Trading Securities	2,638	2,449
Securities Held to Hedge Trading Transactions	—	47,602
Derivatives for Securities Held to Hedge Trading Transactions	34	382
Derivatives for Trading Transactions	2,892,170	2,952,840
Other Trading Assets	1,619,329	1,757,680
<b>Total</b>	<b>¥ 7,951,419</b>	<b>¥ 10,877,475</b>
<b>Trading Liabilities:</b>		
Trading Securities Oversold	¥ 2,138,021	¥ 1,425,289
Derivatives for Trading Securities	617	1,402
Securities Oversold to Hedge Trading Transactions	—	45,691
Derivatives for Securities Held to Hedge Trading Transactions	8	491
Derivatives for Trading Transactions	2,745,195	3,214,825
<b>Total</b>	<b>¥ 4,883,842</b>	<b>¥ 4,687,700</b>

### 2. Securities

At March 31,	Millions of yen	
	2002	2001
Japanese National Government Bonds	¥ 10,554,751	¥ 11,641,796
Japanese Local Government Bonds	372,164	476,375
Japanese Corporate Bonds	1,109,982	1,126,151
Japanese Stock and Shares*1	6,708,121	8,391,951
Other*2	5,363,910	6,426,288
<b>Total</b>	<b>¥ 24,108,931</b>	<b>¥ 28,062,563</b>

\*1 Japanese Stock and Shares included investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method of ¥112,468 million and ¥141,211 million at March 31, 2002 and 2001, respectively.

\*2 Other included investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method of ¥2,640 million and ¥234,687 million at March 31, 2002 and 2001, respectively.

### 3. Loans and Bills Discounted

At March 31,	Millions of yen	
	2002	2001
Bills Discounted	¥ 1,192,472	¥ 1,278,023
Loans on Notes	10,583,475	13,167,367
Loans on Deeds	55,177,085	58,106,258
Overdrafts	17,061,042	18,593,064
Financing Receivables, including Factoring, Leasing and Property Financing	579,580	1,142,058
<b>Total</b>	<b>¥ 84,593,656</b>	<b>¥ 92,286,772</b>

## Loans and Bills Discounted at March 31, 2002 and 2001 include the following:

At March 31,	Millions of yen	
	2002	2001
Loans to Bankrupt Obligors* <sup>1</sup>	¥ 639,269	¥ 470,031
Non-Accrual Delinquent Loans* <sup>2</sup>	2,698,586	2,169,692
Loans Past Due for 3 Months or More* <sup>3</sup>	69,755	124,800
Restructured Loans* <sup>4</sup>	2,059,609	1,791,770
<b>Total</b>	<b>¥ 5,467,220*<sup>5</sup></b>	<b>¥ 4,556,295</b>

\*1 Loans to Bankrupt Obligors represent non-accrual loans to obligors who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order).

\*2 Non-Accrual Delinquent Loans represent non-accrual loans other than (i) Bankruptcy Loans and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of obligors in financial difficulties.

\*3 Loans to Bankrupt Obligors or Non-Accrual Delinquent Loans, both of which are classified as non-accrual, are not included in this category.

\*4 Restructured Loans represent loans on which contracts were amended in favor of obligors (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, or renunciation of claims) in order to assist or facilitate the restructuring of borrowers in financial difficulties.

\*5 ¥2,459 million of those amounts are placed in an administrative trust established by the Resolution and Collection Corporation for eventual final disposal.

## 4. Foreign Exchange Assets and Liabilities

At March 31,	Millions of yen	
	2002	2001
<b>Foreign Exchange Assets:</b>		
Foreign Bills Bought	¥ 397,398	¥ 486,300
Foreign Bills Receivable	222,284	269,833
Advance to Foreign Banks	25,204	7,165
Due from Banks (Foreign)	542,089	81,978
<b>Total</b>	<b>¥ 1,186,977</b>	<b>¥ 845,277</b>
<b>Foreign Exchange Liabilities:</b>		
Foreign Bills Sold	¥ 3,786	¥ 33,081
Foreign Bills Payable	24,508	27,654
Advance from Foreign Banks	131,883	75,929
Due to Banks (Foreign)	548,053	137,183
<b>Total</b>	<b>¥ 708,231</b>	<b>¥ 273,849</b>

## 5. Other Assets

At March 31,	Millions of yen	
	2002	2001
Accrued Income	¥ 358,260	¥ 442,344
Prepaid Expenses	11,706	97,462
Cash Placed as Collateral on Securities Borrowed	3,313,727	2,785,176
Securities in Custody and Other	2,922,552	4,787,890
Deferred Hedge Losses* <sup>1</sup>	414,695	516,356
Derivatives	1,076,978	2,190,966
Other* <sup>2</sup>	2,969,846	4,120,529
<b>Total</b>	<b>¥ 11,067,767</b>	<b>¥ 14,940,725</b>

\*1 Deferred Hedge Losses is the net realized or unrealized losses from hedging instruments. The gross amounts of deferred hedge gains and losses before netting are ¥1,357,005 million and ¥1,771,700 million, respectively.

\*2 Other included provisional tax payments of ¥222,682 million made by IBI. These payments were made upon receipt of the Correction Notice from the Tokyo Regional Taxation Bureau ("TRTB") on August 23, 1996 in connection with the write-off of credits due from Japan Housing Loan, Inc., amounting to ¥376,055 million recorded in the fiscal year ended March 1996. The subsidiary disputed the rationale for the proposed correction and filed an application seeking to void the proposed correction to the National Tax Tribunal for administrative review. This was dismissed on October 28, 1997. On October 30, 1997, the subsidiary filed a lawsuit with the Tokyo District Court seeking to void the TRTB's administrative action against the subsidiary and won the case entirely on March 2, 2001. However, this was appealed to the Tokyo High Court on March 16, 2001 and the subsidiary lost the case on March 14, 2002. On March 27, 2002, the subsidiary filed an appeal to the Supreme Court. The subsidiary believes that its claim is appropriate. Nevertheless, the subsidiary accrued Reserve for Contingency amounting to ¥134,203 million from the viewpoint of financial soundness and prudent accounting.

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## 6. Premises and Equipment

At March 31,	Millions of yen	
	2002	2001
Land	¥ 1,072,602	¥ 1,093,175
Buildings	304,707	288,300
Equipment	97,093	79,333
Other	279,094	252,547
<b>Total</b>	<b>¥ 1,753,497</b>	<b>¥ 1,713,356</b>
Accumulated Depreciation	¥ 801,712	¥ 793,130

## 7. Deferred Debenture Charges

At March 31,	Millions of yen	
	2002	2001
Deferred Discount on Debentures	¥ 2,555	¥ 7,617
Deferred Debenture Issuance Costs	2,288	1,913
<b>Total</b>	<b>¥ 4,843</b>	<b>¥ 9,531</b>

## 8. Reserve for Possible Losses on Loans

At March 31,	Millions of yen	
	2002	2001
General Reserve for Possible Losses on Loans	¥ 953,410	¥ 780,774
Specific Reserve for Possible Losses on Loans	962,407	817,943
Reserve for Possible Losses on Loans to Restructuring Countries	34,001	28,914
<b>Total</b>	<b>¥ 1,949,819</b>	<b>¥ 1,627,632</b>

## 9. Assets Pledged as Collateral

The following assets were pledged as collateral:

At March 31,	Millions of yen	
	2002	2001
Cash and Due from Banks	¥ 1,932	¥ 1,761
Call Loans and Bills Purchased	—	50,000
Trading Assets	2,344,170	1,002,499
Securities	7,881,007	7,473,073
Loans and Bills Discounted	3,684,370	3,273,799
Foreign Exchange Assets	5,189	—
Other Assets	582,926	344,964
Premises and Equipment	92	136

The following liabilities were collateralized by the above assets:

At March 31,	Millions of yen	
	2002	2001
Deposits	¥ 474,581	¥ 452,944
Call Money and Bills Sold	4,482,500	5,870,347
Payables under Repurchase Agreements	2,522,239	—
Trading Liabilities	194,273	235,254
Borrowed Money	524,963	77,274
Foreign Exchange Liabilities	14,197	—
Other Liabilities	44,223	64,898

## 10. Deposits

At March 31,	Millions of yen	
	2002	2001
Current Deposits	¥ 5,828,661	¥ 4,902,910
Ordinary Deposits	29,170,849	17,662,700
Deposits at Notice	2,059,880	1,935,274
Time Deposits	31,222,513	37,020,164
Certificates of Deposit	11,476,779	12,851,673
Other	5,847,551	5,803,760
<b>Total</b>	<b>¥ 85,606,235</b>	<b>¥ 80,176,482</b>

## 11. Debentures

At March 31, Description of Debentures	Millions of yen		Interest rates	
	2002	2001	2002	2001
One-Year Discount Debentures	¥ 3,962,829 [3,962,829]	¥ 5,388,567 [5,388,567]	0.08%–0.14%	0.11%–0.34%
One-Year Discount Debentures (custody only)	266,959 [266,959]	400 [400]	0.06%–0.11%	0.06%
Five-Year Coupon Debentures (Series A)	8,693,170 [2,010,420]	9,478,533 [2,169,188]	0.65%–2.20%	1.00%–2.70%
Five-Year Coupon Debentures (Series B)	154,229 [37,093]	198,578 [52,441]	0.16%–1.70%	0.20%–2.30%
Five-Year Coupon Debentures (with compound interest)	852,093 [160,433]	940,695 [209,228]	0.16%–1.70%	0.20%–2.30%
Five-Year Coupon Debentures (savings-type)	774,408 [100,519]	802,892 [109,821]	0.16%–1.70%	0.20%–2.30%
Five-Year Coupon Debentures (savings-type with compound interest)	91,193 [15,445]	93,158 [16,380]	0.16%–1.70%	0.20%–2.30%
Two-year Coupon Debentures	473,000 [319,800]	917,900 [598,100]	0.35%–0.75%	0.30%–0.75%
Three-year Coupon Debentures	15,000 [—]	— [—]	0.09%	—
Debentures Denominated in Foreign Currencies	28,006 [—] (US\$75,000)	27,531 [—] (US\$85,000)	2.54%–9.37%	3.60%–9.37%
<b>Total</b>	<b>¥15,310,890</b>	<b>¥ 17,848,257</b>		

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in original currency in parentheses ( ).

3. Repayments for Debentures were scheduled for the following five years as follows:

Fiscal 2002	¥6,873,500 million
2003	¥2,294,077 million
2004	¥2,068,350 million
2005	¥2,169,575 million
2006	¥1,899,387 million

4. No collateral was provided for the above Debentures.

## 12. Call Money and Bills Sold

At March 31,	Millions of yen	
	2002	2001
Call Money	¥ 7,329,547	¥ 11,810,988
Bills Sold	2,124,144	1,397,087
<b>Total</b>	<b>¥ 9,453,692</b>	<b>¥ 13,208,076</b>

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### 13. Commercial Paper

At March 31,	Millions of yen		Average interest rates*1	
	2002	2001	2002	2001
Commercial Paper	¥ 711,382	¥ 2,369,254	0.30%	1.72%

\*1 The average interest rates are the weighted-average interest rate of debts calculated from the interest rates and outstanding balances at the end of the year.

### 14. Borrowed Money

At March 31,	Millions of yen		Average interest rates*1	
	2002	2001	2002	2001
Bills Rediscounted	¥ 8,975	¥ 10,680	4.45%	5.21%
Other Borrowings*2,3	2,544,406	3,861,264	2.65	3.56
<b>Total</b>	<b>¥ 2,553,382</b>	<b>¥ 3,871,945</b>	<b>2.66%</b>	<b>3.57%</b>

\*1 Average interest rates are weighted-average interest rates of debts calculated from the interest rates and outstanding balances at the end of the year.

\*2 Other Borrowings included subordinated debt of ¥1,728,891 million and ¥2,261,707 million at March 31, 2002 and 2001, respectively.

\*3 Repayments for Other Borrowings were scheduled for the following five years as follows:

Fiscal 2002	¥1,226,619 million
2003	¥ 23,223 million
2004	¥ 201,885 million
2005	¥ 274,485 million
2006	¥ 77,522 million

### 15. Bonds and Notes

Major components of Bonds and Notes at March 31, 2002 were as follows:

Issuer	Description	Issue	Millions of yen	Interest rates	Due
Mizuho Holdings	Straight Bonds	Nov. 2000	¥ 850,000 [—]	0.64%–1.19%	Mar. 2008–
*1	Straight Bonds	Mar. 1998– Aug. 2001	177,900 [—]	1.33%–2.54%	Dec. 2010–
*2	Straight Bonds	Sept. 1997	3,100 [—]	3.00%	Nov. 2012
*3	Straight Bonds	Dec. 1991– Nov. 2001	672,314 [1,319] (US\$208,000) (GBP 7,000)	0.00%–5.19%	Feb. 2002–
*4	Straight Bonds	Nov. 1994– Sep. 2001	693,011 [1,294] (US\$1,741,500)	0.36%–8.62%	Jan. 2002–
*5	Straight Bonds	Jun. 1989– Dec. 2001	570,522 [75,775] (US\$357,591) (EUR 9,130)	0.10%–8.80%	Apr. 2002–
<b>Total</b>			<b>¥ 2,966,847</b>		

Notes:1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in the original currencies in parentheses ( ).

3. Repayments for Bonds and Notes were scheduled for the following five years as follows:

Fiscal 2002	¥77,069 million
2003	¥14,952 million
2004	¥35,295 million
2005	¥ 8,312 million
2006	¥25,392 million

4. Bonds and Notes at March 31, 2002 included subordinated bonds and notes of ¥2,790,850 million.

\*1 indicates the total amount of straight bonds issued by the domestic consolidated subsidiary, The Yasuda Trust and Banking Company, Ltd.

\*2 indicates the amount of straight bonds issued by IBI.

\*3 indicates the total amount of straight bonds issued by overseas consolidated subsidiaries such as DKB Finance (Aruba) A.E.C., Dai-Ichi Kangyo Australia Ltd., DKB Asia Ltd. and others.

\*4 indicates the total amount of straight bonds issued by overseas consolidated subsidiaries such as The Fuji Bank and Trust Company, Fuji International Finance (Australia) Ltd., YTB Finance (Aruba) A.E.C., and Fuji Finance (Cayman) Ltd.

\*5 indicates the total amount of straight bonds issued by overseas consolidated subsidiaries such as Mizuho Finance (Curaço) N.V. (former The Industrial Bank of Japan Finance Company N.V.), Mizuho International plc, Ltd.

## 16. Convertible Bonds

Convertible Bonds at March 31, 2002 were as follows:

Issuer	Description of Debentures	Issue	Millions of yen	Interest rates	Due
*	Convertible Bonds	Sep. 1987– Jul. 1988	¥8,432 [4,519] (US\$63,280)	1.75%–2.87%	Sep. 2002– Sep. 2003

Notes: 1. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in the original currency in parentheses ( ).

3. \* indicates the total amount of convertible bonds issued by the domestic consolidated subsidiary The Yasuda Trust and Banking Company, Ltd.

4. Details are as follows:

Description	Convertible Period	Conversion price	Issuing share	Capitalization
US\$ denominated convertible bonds due Sept. 30, 2002	Oct. 1, 1987–Sept. 20, 2002	¥2,163.90	Common stock	¥1,082/share
US\$ denominated convertible bonds due Sept. 30, 2003	Aug. 15, 1988–Sept. 22, 2003	¥1,814.90	Common stock	¥ 908/share

5. Repayments for Convertible Bonds were scheduled for the following five years as follows:

Fiscal 2002	¥4,519 million
2003	¥3,912 million
2004	¥ — million
2005	¥ — million
2006	¥ — million

## 17. Other Liabilities

At March 31,	Millions of yen	
	2002	2001
Accrued Expenses	¥ 338,930	¥ 477,474
Unearned Income	180,927	206,898
Income Taxes Payable	76,349	91,973
Cash Received as Collateral on Securities Lent	4,050,050	4,605,260
Securities Borrowed	2,814,054	4,474,393
Derivatives	1,203,042	2,143,396
Other	2,614,829	9,187,445
<b>Total</b>	<b>¥ 11,278,184</b>	<b>¥ 21,186,842</b>

## 18. Reserve for Employee Retirement Benefits

(1) Reserve for Employee Retirement Benefits was reconciled as follows:

At March 31,	Millions of yen	
	2002	2001
Projected Benefit Obligations	¥ (1,370,677)	¥ (1,331,938)
Plan Assets	1,087,697	989,281
Unfunded Retirement Benefit Obligations	(282,980)	(342,656)
Unrecognized Net Obligation at Date of Initial Application	123,516	165,714
Unrecognized Actuarial Differences	386,566	141,722
Net Amounts	227,102	(35,220)
Prepaid Pension Cost	263,721	91,027
Other Liabilities	—	(196)
<b>Reserve for Employee Retirement Benefits</b>	<b>¥ (36,619)</b>	<b>¥ (126,050)</b>

Note: The above Projected Benefit Obligations includes the governmental welfare program, but does not include additional retirement benefits paid to employees.

It also includes the amount measured by certain consolidated subsidiaries under the non-actuarial method.

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(2) Breakdown of Pension Expenses was as follows:

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Service Cost* <sup>1</sup>	¥ 40,019	¥ 37,666
Interest Cost	46,193	45,411
Expected Return on Plan Assets	(41,188)	(36,610)
Gain on Plan Amendment (Prior Service Cost)	(104,493)	—
Amortization of Actuarial Differences	13,789	316
Amortization of Unrecognized Net Obligation at Date of Initial Application* <sup>2</sup>	41,928	185,816
Other (such as Extra Retirement Benefit)	3,796	2,017
<b>Net Pension Expenses</b>	<b>¥ 46</b>	<b>¥ 234,618</b>

\*1 Retirement expenses of some consolidated subsidiaries which adopt the simplified method for calculating projected benefit obligations are included in Service Cost in full.

\*2 Amortized projected benefit obligations at the date of initial application arising from the establishment of the retirement benefit trust amounting to ¥144,166 million is included in the amount for the year ended March 31, 2001.

(3) Assumptions used in calculation of the above information were as follows:

	2002	2001
Discount rate	2.1–3.0%	2.5–7.7%
Expected rate of return on plan assets	1.0–7.8%	1.0–9.0%
Method of attributing the projected benefits to periods of services	Straight-line basis	Straight-line basis
Prior Service Cost	Charged to Income (Loss) in the year	—
Amortization of unrecognized actuarial differences	1–15 years	1–15 years
Amortization of unrecognized net obligation at date of initial application	Primarily 5 years	Primarily 5 years

## 19. Other Reserves

At March 31,	Millions of yen	
	2002	2001
Reserve for Contingencies* <sup>1</sup>	¥ 134,203	¥ 24,032
Reserve for Contingent Liabilities from Futures Transactions	126	104
Reserve for Contingent Liabilities from Securities Transactions	824	603
<b>Total</b>	<b>¥ 135,154</b>	<b>¥ 24,740</b>

\*1 Reserve for Contingencies is maintained to cover losses arising from matters not covered by other specific reserves that are probable to take place and that are determinable in amounts.

## 20. Acceptances and Guarantees

At March 31,	Millions of yen	
	2002	2001
Acceptances	¥ 40,779	¥ 33,281
Letters of Credit	628,228	683,543
Guarantees	4,254,235	5,412,816
<b>Total</b>	<b>¥ 4,923,244</b>	<b>¥ 6,129,641</b>

## 21. Interest Income and Interest Expenses

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Interest Income:		
Loans and Bills Discounted	¥ 2,059,125	¥ 2,472,492
Securities	516,308	451,472
Call Loans and Bills Purchased	16,648	342,679
Due from Banks	105,905	137,942
Receivables under Resale Agreements	261,616	—
Other Interest Income	60,884	107,685
<b>Total</b>	<b>3,020,489</b>	<b>3,512,272</b>
Interest Expenses:		
Deposits	498,640	817,917
Debentures	160,011	207,599
Amortization of Debenture Charges	10,388	14,047
Call Money and Bills Sold	32,535	478,666
Payables under Repurchase Agreements	348,619	—
Commercial Paper	19,519	35,390
Borrowed Money	94,078	116,958
Bonds and Notes	169,702	173,959
Convertible Bonds	233	218
Other Interest Expenses	159,147	313,544
<b>Total</b>	<b>1,492,876</b>	<b>2,158,303</b>
<b>Net</b>	<b>¥ 1,527,613</b>	<b>¥ 1,353,969</b>

## 22. Trading Income

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Trading Income:		
Net Gains on Trading Securities and Derivatives	¥ 28,935	¥ 22,350
Net Gains on Securities Held to Hedge Trading Transactions	6,868	10,029
Net Gains on Derivatives for Trading Transactions	139,915	119,467
Other Trading Income	3,165	4,662
<b>Total</b>	<b>¥ 178,884</b>	<b>¥ 156,508</b>

## 23. Other Operating Income

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Gains on Foreign Exchange Transactions	¥ 90,930	¥ 22,754
Gains on Sales of Bonds	192,731	198,171
Other	367,372	356,199
<b>Total</b>	<b>¥ 651,035</b>	<b>¥ 577,125</b>



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#### 24. Other Income

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Gains on Sales of Stock and Other Securities	¥ 552,834	¥ 706,968
Gains on Money Held in Trust	2,253	6,175
Gains on Sales of Premises and Equipment	3,003	3,386
Equity in Income from Investment in Affiliates	—	18,036
Recovery on Written-off Claims	25,910	16,471
Gains on Securities Contributed to Employee Retirement Benefit Trust	90,614	85,681
Gains on Amendment of Employee Retirement Benefit Plan	104,493	—
Other	87,390	252,809
<b>Total</b>	<b>¥ 866,499</b>	<b>¥ 1,089,530</b>

#### 25 Other Operating Expenses

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Amortization of Debenture Issuance Costs	¥ 4,096	¥ 4,646
Losses on Sales of Bonds	113,028	64,489
Losses on Redemption of Bonds	1,142	67
Losses on Devaluation of Bonds	7,043	781
Other	325,731	361,335
<b>Total</b>	<b>¥ 451,041</b>	<b>¥ 431,320</b>

#### 26. Other Expenses

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Provision of Reserve for Possible Losses on Loans	¥ 914,226	¥ 289,823
Write-offs of Claims	1,287,267	376,615
Losses on Sales of Stocks and Other Securities	56,555	46,724
Losses on Devaluation of Stocks and Other Securities	380,288	140,672
Losses on Money Held in Trust	19,750	15,319
Losses on Dispositions of Premises and Equipment	35,400	40,150
Equity in Losses from Investment in Affiliates	6,771	—
Amortization of Unrecognized Net Obligation at Date of Initial Application of the Accounting Standard for Employee Retirement Benefits	41,928	185,816
Transfer to Reserve for Contingencies	131,216	—
Other	512,076	435,039
<b>Total</b>	<b>¥ 3,385,481</b>	<b>¥ 1,530,161</b>

Others included the following losses:

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Provision for Reserve for Possible Losses on Loans Sold	¥ 15,986	¥ 52,472
Provision for Reserve for Possible Losses on Support of Specific Borrowers	—	43,421

#### 27. Cash Flows

Cash and Cash Equivalents reconciles to Cash and Due from Banks on the Consolidated Balance Sheets as follows:

At March 31,	Millions of yen	
	2002	2001
Cash and Due from Banks	¥ 11,720,134	¥ 5,011,232
Less: Due from Banks except for due from Central Banks	(1,872,768)	(2,791,427)
<b>Cash and Cash Equivalents</b>	<b>¥ 9,847,366</b>	<b>¥ 2,219,805</b>

## 28. Lease Transactions

### Finance Leases

#### Lessees:

The Acquisition Cost Equivalents, Accumulated Depreciation Equivalents and Book Value Equivalents relating to finance lease transactions accounted for as operating leases were summarized as follows:

At March 31,	2002			2001		
	Equipment	Others	Total	Equipment	Others	Total
Acquisition Cost Equivalents	¥ 75,395	¥ 1,964	¥ 77,360	¥ 66,254	¥ 1,905	¥ 68,159
Accumulated Depreciation Equivalents	39,677	1,163	40,840	36,334	1,119	37,454
Book Value Equivalents	¥ 35,718	¥ 801	¥ 36,519	¥ 29,919	¥ 785	¥ 30,705

Future lease payments subsequent to the end of the fiscal year for finance leases accounted for as operating leases (including the interest portion thereon) were summarized as follows:

At March 31,	2002	2001
Due in One Year or Less	¥ 12,866	¥ 9,755
Due after One Year	38,221	35,755
<b>Total</b>	<b>¥ 51,088</b>	<b>¥ 45,511</b>

Notes:1. The computing method for the amount of depreciation equivalents is as follows:

Depreciation equivalents are calculated by the declining-balance method, computed by multiplying the amounts by 10/9, which itself is computed assuming that the useful life is the lease term and that the residual value at the end of the lease term is 10% of the acquisition cost.

2. The computing method for the amount of interest expense equivalents is as follows:

The amounts are defined as the difference between total lease payments and acquisition equivalents, which are allocated over the lease term by the interest method.

#### Lessors:

The Acquisition Cost, Accumulated Depreciation and Book Value relating to finance lease transactions accounted for as operating leases were summarized as follows:

At March 31,	2001		
	Equipment	Others	Total
Acquisition Cost	¥ 1,014,188	¥ 2,008	¥ 1,016,196
Accumulated Depreciation	511,183	1,289	512,473
Book Value	¥ 503,004	¥ 718	¥ 503,723

Note: Since the subsidiaries which had been leasing property to customers were excluded from the scope of consolidation during the year ended March 31, 2002, no disclosure information relevant to lessors existed as of March 31, 2002.

Future lease payments to be received subsequent to March 31, 2001 for finance leases accounted for as operating leases (including the interest portion thereon) were summarized as follows:

At March 31,	2001
Due in One Year or Less	¥ 179,302
Due after One Year	348,991
<b>Total</b>	<b>¥ 528,293</b>

Note: The computing method for the amount of interest income equivalents is defined as the difference between total lease payments and acquisition cost, which is allocated over the lease term by the interest method.

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**Operating Leases**

The future lease payments subsequent to the end of fiscal year for operating lease transactions were summarized as follows:

**Lessees:**

At March 31,	Millions of yen	
	2002	2001
Due in One Year or Less	¥ 11,024	¥ 14,280
Due after One Year	68,539	88,793
<b>Total</b>	<b>¥ 79,563</b>	<b>¥ 103,074</b>

**Lessors:**

At March 31,	Millions of yen	
	2002	2001
Due in One Year or Less	—	¥ 3,451
Due after One Year	—	3,797
<b>Total</b>	<b>—</b>	<b>¥ 7,248</b>

**29. Deferred Tax Assets and Liabilities**

Deferred Tax Assets and Liabilities consisted of the following:

At March 31,	Millions of yen	
	2002	2001
Deferred Tax Assets:		
Reserve for Possible Losses on Loans	¥ 1,301,166	¥ 1,035,529
Tax Losses Carried Forward	804,999	372,919
Net Unrealized Losses on Other Securities	345,789	—
Securities	225,999	223,276
Reserve for Possible Losses on Loans Sold	18,612	75,454
Other	285,610	326,239
Deferred Tax Assets Subtotal:	2,982,177	2,033,420
Valuation Allowance	(333,720)	(311,511)
<b>Net</b>	<b>¥ 2,648,456</b>	<b>¥ 1,721,909</b>
Deferred Tax Liabilities:		
Prepaid Pension Cost	¥ (98,013)	¥ (35,434)
Other	(57,074)	(33,967)
<b>Total</b>	<b>¥ (155,087)</b>	<b>¥ (69,401)</b>
<b>Net Deferred Tax Assets</b>	<b>¥ 2,493,369</b>	<b>¥ 1,652,508</b>

Balances reported on the Consolidated Balance Sheets:

At March 31,	Millions of yen	
	2002	2001
Deferred Tax Assets	¥ 2,509,110	¥ 1,663,971
Deferred Tax Liabilities	(15,741)	(11,462)
<b>Net Deferred Tax Assets</b>	<b>¥ 2,493,369</b>	<b>¥ 1,652,508</b>

### 30. Segment Information

#### (a) Segment Information by Geographic Area

Segment information by geographic area at March 31, 2002 and 2001 and for the fiscal years ended March 31, 2002 and 2001 was as follows:

2002 Geographic Area	Millions of yen					
	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expenses	Ordinary Profit	Total Assets
Japan	¥ 3,570,407	¥ 150,725	¥ 3,721,132	¥ 5,156,794	¥ (1,435,661)	¥ 137,325,053
Americas	1,021,454	164,690	1,186,144	1,012,734	173,409	13,682,037
Europe	354,392	43,540	397,932	381,442	16,490	7,404,657
Asia / Oceania excluding Japan	235,929	59,817	295,747	313,293	(17,545)	7,711,025
<b>Total</b>	<b>5,182,183</b>	<b>418,773</b>	<b>5,600,956</b>	<b>6,864,264</b>	<b>(1,263,307)</b>	<b>166,122,774</b>
Elimination and General Corporate Assets	—	(418,773)	(418,773)	(332,230)	(86,542)	(14,810,346)
<b>Consolidated Results</b>	<b>¥ 5,182,183</b>	<b>¥ —</b>	<b>¥ 5,182,183</b>	<b>¥ 6,532,033</b>	<b>¥ (1,349,850)</b>	<b>¥ 151,312,427</b>

2001 Geographic Area	Millions of yen					
	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expenses	Ordinary Profit	Total Assets
Japan	¥4,014,636	¥162,040	¥4,176,676	¥3,735,873	¥440,803	¥145,299,161
Americas	1,136,941	76,455	1,213,396	1,112,686	100,710	16,435,655
Europe	335,629	35,201	370,831	353,817	17,013	7,205,854
Asia / Oceania excluding Japan	269,768	69,281	339,049	286,742	52,307	7,902,182
<b>Total</b>	<b>5,756,975</b>	<b>342,978</b>	<b>6,099,954</b>	<b>5,489,120</b>	<b>610,833</b>	<b>176,842,853</b>
Elimination and General Corporate Assets	—	(342,978)	(342,978)	(307,002)	(35,976)	(13,387,373)
<b>Consolidated Results</b>	<b>¥5,756,975</b>	<b>¥ —</b>	<b>¥5,756,975</b>	<b>¥5,182,118</b>	<b>¥574,857</b>	<b>¥163,455,480</b>

- Notes: 1. Geographic analyses are presented based on geographic contiguity, similarities in economic activities, and relation of business operations.  
2. Ordinary Income represents Total Income less certain special income, and Ordinary Expenses represent Total Expenses less certain special expenses.  
3. Ordinary Profit represents Ordinary Income less Ordinary Expenses.  
4. Americas includes the United States of America and Canada. Europe includes the United Kingdom. Asia / Oceania includes Hong Kong and the Republic of Singapore.  
5. In prior years, dividend from stocks that have market prices was recognized when it was declared. Effective fiscal year ended March 31, 2002, accrued dividend is recognized based on projected dividend rates amounting by issuers. Criteria for recognition / derecognition of securities other than trading purpose also changed to a contract day basis. As a result, Ordinary Income for "Japan" increased by ¥36,081 million and Ordinary Loss decreased by the same amount.

#### (b) Ordinary Income of Overseas Entities

Ordinary Income from Overseas Entities for the fiscal years ended March 31, 2002 and 2001 consisted of the following:

For the Fiscal Years ended March 31,	Millions of yen	
	2002	2001
Ordinary Income from Overseas Entities	¥ 1,611,776	¥1,742,339
Total Ordinary Income	5,182,183	5,756,975
Ordinary Income from Overseas Entities' Ratio	31.10%	30.26%

- Notes: 1. Ordinary Income from Overseas Entities represents Ordinary Income recorded by overseas branches of DKB, Fuji Bank, IBJ and other overseas subsidiaries excluding Inter-segment Ordinary Income. Ordinary Income from international operations is presented in lieu of Sales as is the case for non-financial companies.  
2. Segment information on Ordinary Income from Overseas Entities is not presented as no such information is compiled.

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**31. Fair Value of Securities and Money Held in Trust**

The following tables contain information relating to Securities, Cash and Due from Banks (negotiable certificates of deposit) and Other Debt Purchased (commercial paper, etc.) at March 31, 2002 and 2001.

At March 31, 2002	Millions of yen			
	Cost	Gross unrealized		Fair value
		Gains	Losses	
Other Securities* <sup>2, 3</sup>	¥ 23,231,117	¥ 459,892	¥ 1,347,502	¥ 22,343,508
Stocks* <sup>4</sup>	7,092,274	409,547	1,156,139	6,345,683
Bonds:	11,104,080	15,484	29,009	11,090,554
Japanese National Government Bonds	10,570,896	7,762	23,907	10,554,751
Japanese Local Government Bonds	258,259	5,194	1,099	262,354
Corporate Bonds	274,924	2,527	4,003	273,448
Other	5,034,762	34,860	162,353	4,907,269
Money Held in Trust* <sup>3</sup>				
Other Money Held in Trust	10,275	376	—	10,652

At March 31, 2001	Millions of yen			
	Cost	Gross unrealized		Fair value
		Gains	Losses	
Other Securities* <sup>2, 3</sup>	¥ 25,932,871	¥ 864,467	¥ 1,140,119	¥ 25,657,219
Stocks* <sup>4</sup>	7,912,749	765,889	1,073,119	7,605,519
Bonds:	12,363,591	45,012	12,688	12,395,915
Japanese National Government Bonds	11,641,796	25,457	11,843	11,655,409
Japanese Local Government Bonds	261,816	8,107	119	269,804
Corporate Bonds	459,979	11,446	725	470,700
Other	5,656,530	53,565	54,310	5,655,785
Money Held in Trust* <sup>3</sup>				
Other Money Held in Trust	5,449	196	—	5,645

\*1 A summary of Trading Securities and Money Held in Trust for Investment Purposes and related unrealized gains and losses are as follows:

At March 31,	Millions of yen			
	2002		2001	
	Fair value	Unrealized gains (losses)	Fair value	Unrealized gains (losses)
Trading Securities	¥ 5,056,575	¥ (2,276)	¥ 7,921,803	¥ 6,489
Money Held in Trust for Investment Purposes	59,110	(1,261)	386,918	(13,645)

\*2 In addition to the balances shown in the above table, Other Securities included securities without fair values such as unlisted stock (excluding OTC stock) of ¥249,969 million and ¥337,990 million and non-publicly offered bonds of ¥946,344 million and ¥880,731 million as of March 31, 2002 and 2001, respectively.

\*3 Unrealized gains and losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

\*4 Fair value of Stocks is determined based on the average market prices during one-month periods before the balance sheet date as at March 31, 2002, and on the market prices prevailing on the balance sheet date as at March 31, 2001.

## Projected Redemption Amounts for Securities Classified as Other Securities

At March 31, 2002	Millions of yen			
	Within 1 year	1–5 years	5–10 years	Over 10 years
Bonds:	¥ 3,948,107	¥ 5,252,103	¥ 2,794,599	¥ 22,088
Japanese National Government Bonds	3,854,025	4,435,047	2,265,678	—
Japanese Local Government Bonds	8,000	83,539	269,984	10,640
Corporate Bonds	86,081	733,516	258,936	11,447
Other	1,054,129	2,092,251	969,283	1,003,310
<b>Total</b>	<b>¥ 5,002,237</b>	<b>¥ 7,344,354</b>	<b>¥ 3,763,882</b>	<b>¥ 1,025,398</b>

At March 31, 2001	Millions of yen			
	Within 1 year	1–5 years	5–10 years	Over 10 years
Bonds:	¥ 7,213,291	¥ 3,371,463	¥ 2,623,373	¥ 15,698
Japanese National Government Bonds	7,085,545	2,581,204	1,975,045	—
Japanese Local Government Bonds	24,539	97,345	343,394	11,096
Corporate Bonds	103,206	692,913	304,934	4,602
Other	756,858	3,167,870	1,208,409	781,854
<b>Total</b>	<b>¥ 7,970,150</b>	<b>¥ 6,539,334</b>	<b>¥ 3,831,782</b>	<b>¥ 797,552</b>

## Other Securities Sold during the Fiscal Year

For the Fiscal Years ended March 31,	2002			2001		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Other Securities	¥ 40,132,379	¥ 415,387	¥ 120,291	¥ 58,047,079	¥ 955,377	¥ 62,658

## Net Unrealized Losses on Other Securities

Net Unrealized Losses on Other Securities as of March 31, 2002 and 2001 are as follows:

At March 31, 2002	Millions of yen
Difference between cost and fair value	¥ (888,132)
Other Securities	(888,509)
Other Money Held in Trust	376
Deferred Tax Assets	331,281
Deferred Tax Liabilities	4,209
Difference between cost and fair value, net of Taxes	(561,061)
Amount corresponding to Minority Interests	1,586
Amount corresponding to Net Unrealized Losses on Other Securities owned by affiliated companies, which corresponds to the holding shares by their investor companies	989
<b>Net Unrealized Losses on Other Securities, net of Taxes</b>	<b>¥ (558,485)</b>

At March 31, 2001	Millions of yen
Difference between book value and fair value	¥ (275,455)
Other Securities	(275,651)
Other Money Held in Trust	196
Amount corresponding to Deferred Tax Assets	105,613
Difference between book value and fair value, net of Taxes	(169,842)
Amount corresponding to Minority Interests	3,675
Amount corresponding to Net Unrealized Losses on Other Securities owned by affiliated companies, which corresponds to the holding shares by their investor companies	3,811
<b>Amount corresponding to Net Unrealized Losses on Other Securities, net of Taxes</b>	<b>¥ (162,354)</b>

Note: Unrealized losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

## 32. Derivatives Information

### Market Value of Derivatives

The market value of derivatives at March 31, 2002 and 2001 was as follows:

In the following tables:

- (i) Contract value represents notional amounts for swap transactions and contract amounts for other transactions.
- (ii) Market values of listed contracts are based on the closing prices of the Tokyo Stock Exchange and the Tokyo International Financial Futures Exchange and others. Market values of over-the-counter contracts are based on the discounted value of future cash flows or option pricing models.

#### (1) Interest Rate-Related Transactions

At March 31, 2002	Contract value		Market value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	¥ 7,021,558	¥ 2,385,852	¥ 3,762	¥ 3,762
Bought	3,746,983	2,313,561	1,522	1,522
Options:				
Sold	2,069,407	171,114	7,415	(2,803)
Bought	1,929,895	229,219	5,784	1,633
Over-the-Counter:				
FRAs:				
Sold	30,280,783	7,624,841	31,856	31,856
Bought	29,398,902	7,682,984	(29,168)	(29,168)
Swaps:				
Receive Fixed / Pay Float	259,228,559	161,909,892	7,685,119	7,685,119
Receive Float / Pay Fixed	256,258,811	156,719,785	(7,261,247)	(7,261,247)
Receive Float / Pay Float	15,335,921	10,765,936	(884)	(884)
Receive Fixed / Pay Fixed	3,070,125	2,764,976	1,274	1,274
Options:				
Sold	11,340,608	7,866,548	(43,415)	(67,579)
Bought	10,252,957	7,524,157	84,616	72,765
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 436,250</b>

At March 31, 2001	Contract value		Market value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Listed:				
Futures:				
Sold	¥ 31,653,308	¥ 10,386,242	¥ (385,162)	¥ (385,162)
Bought	35,499,788	12,938,286	387,515	387,515
Options:				
Sold	8,224,799	421,994	7,307	(3,255)
Bought	6,486,581	578,949	10,165	5,682
Over-the-Counter:				
FRAs:				
Sold	27,079,298	6,220,724	29,800	29,800
Bought	22,619,539	5,657,425	(28,396)	(28,396)
Swaps:				
Receive Fixed / Pay Float	259,626,266	145,525,033	6,021,782	6,021,782
Receive Float / Pay Fixed	262,599,202	145,215,353	(6,164,663)	(6,164,663)
Receive Float / Pay Float	10,375,720	5,251,600	1,633	1,633
Receive Fixed / Pay Fixed	2,626,411	1,995,516	3,125	3,125
Options:				
Sold	8,824,099	5,742,276	11,403	(9,753)
Bought	7,087,622	4,739,979	63,914	45,046
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ (96,645)</b>

Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.

2. Derivative transactions qualifying for hedge accounting are excluded from the above table.



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**(2) Currency-Related Transactions**

At March 31, 2002	Contract value		Market value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Currency Swaps	¥ 21,213,205	¥ 13,650,730	¥ 162,296	¥ 49,786
Other:				
Sold	13,956	13,956	(42)	(42)
Bought	4,331	659	522	522
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 50,266</b>

At March 31, 2001	Contract value		Market value	Millions of yen
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Currency Swaps	¥ 17,372,314	¥ 12,285,917	¥ 225,082	¥ 101,465
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 101,465</b>

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.  
2. Derivative transactions qualifying for hedge accounting and the following transactions described in note 4 are excluded from the above table.  
3. "Others" denotes swaption transactions.  
4. Currency swap transactions which are accrued in accordance with "Tentative Auditing Treatment for the Continuing Adoption of 'New Foreign Exchange Accounting Standards' in banking industries" issued by JICPA dated April 10, 2000, at March 31, 2001, and "Tentative Accounting and Auditing Treatment Relating to Adoption of 'Accounting for Foreign Currency Transaction' for Banks" (JICPA Industry Audit Committee Report No. 20), at March 31, 2002, are excluded from the above tables.

Currency swap transactions accounted for under the accrual method are as follows:

At March 31,	2002			2001		
	Contract value	Market value	Unrealized gains (losses)	Contract value	Market value	Unrealized gains (losses)
Currency Swaps	¥ 825,902	¥ 14,901	¥ (9,790)	¥ 1,576,084	¥ 10,348	¥ (5,114)

5. The following currency forwards, currency options and other transactions are excluded from the above table:  
\* Transactions which are marked to market and of which charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.  
\* Transactions which are for financial assets and liabilities denominated in foreign currencies and recognized on the Consolidated Balance Sheets.  
\* Transactions denominated in foreign currencies which are eliminated in the consolidation process.

Currency-related derivatives which are marked to market are as follows:

At March 31,	2002		2001	
	Contract value		Contract value	
Listed:				
Futures:				
Sold	¥	—	¥	1,469
Bought		—		209
Over-the-Counter:				
Forwards:				
Sold		14,927,469		24,321,306
Bought		19,822,319		28,970,975
Options:				
Sold		4,987,169		4,608,183
Bought		4,830,134		4,571,896

### (3) Stock-Related Transactions

Millions of yen

At March 31,	2002				2001			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Listed:								
Index Futures:								
Sold	¥ 40,892	¥ —	¥ 651	¥ 651	¥ 69,338	¥ —	¥ 1,002	¥ 1,002
Bought	44	—	(0)	(0)	15,981	—	(224)	(224)
Index Futures Options:								
Sold	19,534	—	46	98	35,494	—	128	(12)
Bought	10,225	—	195	72	12,046	—	293	35
Over-the-Counter:								
Options:								
Sold	12,505	1,924	375	(54)	6,182	1,300	372	(102)
Bought	18,031	5,311	1,394	576	15,555	4,673	986	717
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 1,343</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 1,415</b>

Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.

2. Derivative transactions qualifying for hedge accounting are excluded from the above table.

### (4) Bond-Related Transactions

Millions of yen

At March 31,	2002				2001			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Listed:								
Index Futures:								
Sold	¥ 513,612	¥ —	¥ 1,993	¥ 1,993	¥ 621,019	¥ —	¥ (876)	¥ (876)
Bought	363,057	7,851	(763)	(763)	441,976	—	944	944
Index Futures Options:								
Sold	989,844	52,760	967	(855)	503,069	—	204	402
Bought	931,012	105,520	1,435	1,012	440,881	—	898	415
Over-the-Counter:								
Options:								
Sold	246,429	502	25	(98)	86,079	—	217	(18)
Bought	246,715	—	100	22	89,530	3,315	702	590
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 1,312</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 1,457</b>

Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.

2. Derivative transactions qualifying for hedge accounting are excluded from the above table.

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**(5) Commodity-Related Transactions**

At March 31,	2002				2001			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Over-the-Counter:								
Options:								
Sold	¥ 39,159	¥ 22,088	¥ 3,754	¥ (930)	¥ 5,031	¥ 496	¥ 330	¥ 101
Bought	39,159	22,088	3,764	1,259	5,031	496	330	(82)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 329</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 18</b>

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.  
2. Derivative transactions qualifying for hedge accounting are excluded from the above table.  
3. Commodities are oil, copper and aluminium at March 31, 2002, and oil and copper at March 31, 2001.

**(6) Credit Derivative Transactions**

At March 31,	2002				2001			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Over-the-Counter:								
Credit Derivatives:								
Sold	¥ 68,987	¥ 43,999	¥ (577)	¥ (577)	¥ 64,101	¥ 60,021	¥ (504)	¥ (528)
Bought	429,140	412,493	25,230	25,230	124,363	113,189	1,016	1,019
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 24,652</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 490</b>

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.  
2. Derivative transactions qualifying for hedge accounting are excluded from the above table.  
3. "Sold" and "Bought" indicate assumption and cession of credit risk, respectively.

**(7) Weather Derivative Transactions**

At March 31,	2002				2001			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Over-the-Counter:								
Weather Derivatives:								
Sold	¥ 230	¥ —	¥ 0	¥ (0)	¥ 595	¥ —	¥ 38	¥ 33
Bought	230	—	0	0	595	—	31	(7)
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ —</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 26</b>

- Notes: 1. The above transactions are marked to market and charges in unrealized gains (losses) are included in the Consolidated Statements of Operations.  
2. Transactions are related to temperature and precipitation.

Non-Consolidated Financial Statements of Mizuho Financial Group, Inc. and Four Subsidiaries  
**Mizuho Financial Group, Inc.**

**Non-Consolidated Balance Sheet**

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
<b>Assets</b>		
<b>Current Assets</b>	¥ 5,766	\$ 47,972
Cash and Due from Banks	3,538	29,436
Other Current Assets	2,228	18,536
<b>Non-current Assets</b>	3,588,658	29,855,726
Intangible Assets	187	1,556
Investments in Subsidiaries and Affiliates (Stocks)	3,588,471	29,854,170
Other Investments	0	0
<b>Deferred Charges</b>	1,219	10,143
<b>Total Assets</b>	¥ 3,595,643	\$ 29,913,841
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>	¥ 49,758	\$ 413,962
Commercial Paper	49,000	407,654
Accrued Expenses	652	5,429
Accrued Taxes	98	823
Other Current Liabilities	6	56
<b>Total Liabilities</b>	49,758	413,962
<b>Shareholders' Equity</b>		
Common Stock and Preferred Stock	1,540,965	12,820,008
Capital Surplus	1,752,885	14,583,074
Retained Earnings	252,043	2,096,866
Appropriated Reserves	4,350	36,190
Unappropriated Retained Earnings	247,693	2,060,676
Treasury Stock	(8)	(69)
<b>Total Shareholders' Equity</b>	3,545,885	29,499,879
<b>Total Liabilities and Shareholders' Equity</b>	¥ 3,595,643	\$ 29,913,841

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

**Non-Consolidated Statement of Operations**

For the Fiscal Year ended March 31, 2003	Millions of yen	Thousands of U.S. dollars
<b>Operating Income</b>	¥ 957	\$ 7,968
Fees and Commissions Received from Subsidiaries and Affiliates	957	7,968
<b>Operating Expenses</b>	604	5,026
General and Administrative Expenses	604	5,026
<b>Operating Profits</b>	353	2,942
<b>Non-operating Income</b>	1,137	9,463
<b>Non-operating Expenses</b>	1,435	11,943
<b>Income before Income Taxes</b>	55	462
<b>Income Taxes:</b>		
Current	27	227
Deferred	(2)	(21)
<b>Net Income</b>	¥ 30	\$ 256

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

### Non-Consolidated Balance Sheet

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
<b>Assets</b>		
Cash and Due from Banks	¥ 3,086,437	\$ 25,677,514
Call Loans	410,575	3,415,768
Receivables under Resale Agreements	833,285	6,932,490
Pledged Money for Securities Borrowing Transactions	2,241,428	18,647,488
Other Debts Purchased	73,620	612,484
Trading Assets	3,877,428	32,258,139
Money Held in Trust	19,754	164,350
Securities	14,716,782	122,435,796
Loans and Bills Discounted	27,632,516	229,887,826
Foreign Exchange Assets	540,131	4,493,604
Other Assets	2,839,321	23,621,646
Premises and Equipment	264,634	2,201,617
Deferred Debenture Charges	38	318
Deferred Tax Assets	1,064,486	8,855,962
Customers' Liabilities for Acceptances and Guarantees	3,073,167	25,567,121
Reserve for Possible Losses on Loans	(1,075,211)	(8,945,183)
Reserve for Possible Losses on Investments	(4,995)	(41,559)
<b>Total Assets</b>	<b>¥ 59,593,402</b>	<b>\$ 495,785,381</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits	¥ 18,386,659	\$ 152,967,220
Debentures	7,878,927	65,548,484
Call Money	11,701,775	97,352,541
Payables under Repurchase Agreements	4,568,114	38,004,276
Pledged Money for Securities Lending Transactions	2,191,613	18,233,058
Bills Sold	2,265,300	18,846,090
Commercial Paper	62,000	515,807
Trading Liabilities	2,789,451	23,206,750
Borrowed Money	2,036,031	16,938,697
Foreign Exchange Liabilities	183,016	1,522,604
Bonds and Notes	653,100	5,433,444
Other Liabilities	2,190,013	18,219,750
Reserve for Bonus Payments	3,192	26,564
Reserve for Employee Retirement Benefits	1,435	11,943
Reserve for Contingencies	141,124	1,174,078
Deferred Tax Liabilities for Revaluation Reserve for Land	63,978	532,265
Acceptances and Guarantees	3,073,167	25,567,121
<b>Total Liabilities</b>	<b>58,188,903</b>	<b>484,100,692</b>
<b>Shareholders' Equity</b>		
Common Stock and Preferred Stock	1,070,965	8,909,859
Capital Surplus	1,271,230	10,575,958
Retained Earnings (Deficit):	(1,012,982)	(8,427,477)
Appropriated Reserves	537,115	4,468,516
Unappropriated Retained Earnings (Deficit)	(1,550,098)	(12,895,993)
Revaluation Reserve for Land, net of Taxes	104,740	871,388
Net Unrealized Losses on Other Securities, net of Taxes	(29,453)	(245,039)
<b>Total Shareholders' Equity</b>	<b>1,404,499</b>	<b>11,684,689</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 59,593,402</b>	<b>\$ 495,785,381</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

## Non-Consolidated Statement of Operations

For the Fiscal Year ended March 31, 2003

	Millions of yen	Thousands of U.S. dollars
<b>Income</b>		
Interest Income	¥ 980,833	\$ 8,160,014
Loans and Bills Discounted	621,727	5,172,442
Securities	256,108	2,130,686
Other	102,997	856,886
Fee and Commission Income	129,065	1,073,754
Trading Income	65,031	541,025
Other Operating Income	180,666	1,503,049
Other Income	131,839	1,096,838
<b>Total Income</b>	<b>1,487,436</b>	<b>12,374,680</b>
<b>Expenses</b>		
Interest Expenses	549,642	4,572,729
Deposits	132,470	1,102,086
Debentures	112,226	933,669
Other	304,944	2,536,974
Fee and Commission Expenses	32,265	268,433
Other Operating Expenses	72,884	606,358
General and Administrative Expenses	290,539	2,417,130
Other Expenses	2,118,475	17,624,590
<b>Total Expenses</b>	<b>3,063,806</b>	<b>25,489,240</b>
<b>Loss before Income Taxes</b>	<b>(1,576,370)</b>	<b>(13,114,560)</b>
Income Taxes:		
Current	39	325
Deferred	57,032	474,478
<b>Net Loss</b>	<b>¥ (1,633,441)</b>	<b>\$ (13,589,363)</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

**Non-Consolidated Balance Sheet**

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
<b>Assets</b>		
Cash and Due from Banks	¥ 5,767,724	\$ 47,984,397
Call Loans and Bills Purchased	7,000,000	58,236,273
Pledged Money for Securities Borrowing Transactions	3,434,253	28,571,164
Other Debts Purchased	631,480	5,253,583
Trading Assets	1,261,417	10,494,326
Securities	8,535,213	71,008,433
Loans and Bills Discounted	37,885,417	315,186,501
Foreign Exchange Assets	156,348	1,300,740
Other Assets	1,448,203	12,048,286
Premises and Equipment	1,200,354	9,986,312
Deferred Debenture Charges	1,002	8,343
Deferred Tax Assets	913,837	7,602,639
Customers' Liabilities for Acceptances and Guarantees	2,082,156	17,322,434
Reserve for Possible Losses on Loans	(829,621)	(6,902,012)
Reserve for Possible Losses on Investments	(182,013)	(1,514,255)
<b>Total Assets</b>	<b>¥ 69,305,777</b>	<b>\$ 576,587,164</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits	¥ 52,165,166	\$ 433,986,408
Debentures	3,918,740	32,601,834
Call Money	1,217,900	10,132,279
Payables under Repurchase Agreements	42,967	357,471
Pledged Money for Securities Lending Transactions	953,358	7,931,437
Bills Sold	2,523,800	20,996,672
Trading Liabilities	1,101,390	9,162,983
Borrowed Money	1,495,032	12,437,876
Foreign Exchange Liabilities	10,712	89,124
Other Liabilities	1,860,847	15,481,261
Reserve for Bonus Payments	8,072	67,161
Reserve for Possible Losses on Loans Sold	24,936	207,462
Reserve for Possible Losses on Support of Specific Borrowers	22,840	190,017
Reserve under Special Laws	2	20
Deferred Tax Liabilities for Revaluation Reserve for Land	189,371	1,575,474
Acceptances and Guarantees	2,082,156	17,322,434
<b>Total Liabilities</b>	<b>67,617,297</b>	<b>562,539,913</b>
<b>Shareholders' Equity</b>		
Common Stock and Preferred Stock	650,000	5,407,654
Capital Surplus	981,668	8,166,959
Retained Earnings (Deficit):	(219,322)	(1,824,647)
Appropriated Reserves	340,864	2,835,811
Unappropriated Retained Earnings (Deficit)	(560,187)	(4,660,458)
Revaluation Reserve for Land, net of Taxes	277,061	2,305,003
Net Unrealized Losses on Other Securities, net of Taxes	(927)	(7,718)
<b>Total Shareholders' Equity</b>	<b>1,688,479</b>	<b>14,047,251</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 69,305,777</b>	<b>\$ 576,587,164</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

## Non-Consolidated Statement of Operations

For the Fiscal Year ended March 31, 2003

	Millions of yen	Thousands of U.S. dollars
<b>Income</b>		
Interest Income	¥ 793,797	\$ 6,603,973
Loans and Bills Discounted	686,102	5,708,005
Securities	71,355	593,643
Other	36,339	302,325
Fee and Commission Income	184,973	1,538,880
Trading Income	41,291	343,525
Other Operating Income	166,381	1,384,202
Other Income	63,390	527,377
<b>Total Income</b>	<b>1,249,834</b>	<b>10,397,957</b>
<b>Expenses</b>		
Interest Expenses	98,556	819,934
Debentures	11,532	95,945
Deposits	39,046	324,842
Other	47,977	399,147
Fee and Commission Expenses	53,144	442,131
Trading Expenses	60	504
Other Operating Expenses	29,268	243,496
General and Administrative Expenses	635,314	5,285,476
Other Expenses	1,147,765	9,548,794
<b>Total Expenses</b>	<b>1,964,108</b>	<b>16,340,335</b>
<b>Loss before Income Taxes</b>	<b>(714,273)</b>	<b>(5,942,378)</b>
Income Taxes:		
Current	938	7,809
Deferred	(86,656)	(720,935)
<b>Net Loss</b>	<b>¥ (628,556)</b>	<b>\$ (5,229,252)</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.



Non-Consolidated Financial Statements of Mizuho Financial Group, Inc. and Four Subsidiaries  
**Mizuho Securities**

**Non-Consolidated Balance Sheet**

At March 31, 2003

	Millions of yen	Thousands of U.S. dollars
<b>Assets</b>		
Cash and Cash Equivalents	¥ 36,562	\$ 304,182
Cash and Cash Equivalents Segregated as Deposits	1,304	10,852
Receivables:		
Short-term Loans	70	582
Accrued Income	8,890	73,968
Other	3,480	28,952
Trading Assets	3,373,694	28,067,341
Securities Borrowed	2,438,639	20,288,180
Property, Equipment and Leasehold Improvements, at Cost	8,826	73,430
Less: Accumulated Depreciation	(3,715)	(30,908)
Investments in Securities	71,861	597,848
Deferred Tax Assets	3,668	30,520
Other Assets	12,679	105,484
<b>Total Assets</b>	<b>¥ 5,955,961</b>	<b>\$ 49,550,431</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Short-term Borrowings	¥ 391,255	\$ 3,255,036
Commercial Paper	91,400	760,399
Payables:		
Unsettled—Trades	426,960	3,552,088
Other Payables to Customers	129	1,080
Other	1,704	14,181
Trading Liabilities	1,894,275	15,759,364
Securities Sold under Repurchase Agreements	419,584	3,490,720
Securities Loaned	2,475,373	20,593,788
Accrued Liabilities and Other:		
Income Taxes Payable	4,326	35,991
Other	7,652	63,664
Statutory Reserves	439	3,660
<b>Total Liabilities</b>	<b>5,713,102</b>	<b>47,529,971</b>
<b>Shareholders' Equity</b>		
Common Stock	150,200	1,249,584
Capital Surplus	95,324	793,049
Retained Earnings (Deficit)	(419)	(3,492)
Net Unrealized Losses on Other Securities, net of Taxes	(2,245)	(18,681)
<b>Total Shareholders' Equity</b>	<b>242,859</b>	<b>2,020,460</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 5,955,961</b>	<b>\$ 49,550,431</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

## Non-Consolidated Statement of Operations

For the Fiscal Year ended March 31, 2003

	Millions of yen	Thousands of U.S. dollars
<b>Income</b>		
Commission Income	¥ 32,747	\$ 272,443
Trading Income	16,406	136,491
Interest and Dividend Income	9,553	79,483
Other Income	96	802
Subtotal	58,804	489,219
Less: Interest Expenses	(2,461)	(20,481)
<b>Total Income</b>	<b>56,342</b>	<b>468,738</b>
<b>Expenses</b>		
Selling, General and Administrative Expenses	33,589	279,447
Other Expenses	13,685	113,853
<b>Total Expenses</b>	<b>47,274</b>	<b>393,300</b>
<b>Income before Income Taxes</b>	<b>9,067</b>	<b>75,438</b>
Income Taxes:		
Current	5,767	47,978
Deferred	(742)	(6,179)
<b>Net Income</b>	<b>¥ 4,043</b>	<b>\$ 33,639</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

Non-Consolidated Financial Statements of Mizuho Financial Group, Inc. and Four Subsidiaries  
**Mizuho Trust & Banking**

**Non-Consolidated Balance Sheet**

At March 31, 2003	Millions of yen	Thousands of U.S. dollars
<b>Assets</b>		
Cash and Due from Banks	¥ 536,469	\$ 4,463,137
Monetary Receivables Bought	84,111	699,764
Trading Assets	124,720	1,037,609
Money Held in Trust	441	3,670
Investment Securities	1,298,410	10,802,082
Loans and Bills Discounted	3,414,209	28,404,409
Foreign Exchange Assets	1,565	13,027
Other Assets	269,148	2,239,173
Premises and Equipment	55,722	463,580
Deferred Tax Assets	141,092	1,173,816
Customers' Liabilities for Acceptances and Guarantees	216,089	1,797,745
Reserve for Possible Losses on Loans	(64,183)	(533,976)
<b>Total Assets</b>	<b>¥ 6,077,797</b>	<b>\$ 50,564,036</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits	¥ 3,177,171	\$ 26,432,372
Call Money and Bills Sold	440,600	3,665,557
Guarantee Deposit Received under Securities Lending Transactions	325,055	2,704,286
Trading Liabilities	114,751	954,672
Borrowed Money	142,835	1,188,318
Foreign Exchange Liabilities	10	90
Subordinated Bonds	127,900	1,064,060
Bonds with Stock Options	4,731	39,360
Due to Trust Account	1,094,630	9,106,739
Other Liabilities	159,402	1,326,148
Reserve for Bonus Payments	1,475	12,276
Reserve for Employee Retirement Benefits	7,589	63,143
Reserve for Possible Losses on Loans Sold	624	5,199
Reserve for Possible Losses on Support of Specific Borrowers	4,200	34,942
Acceptances and Guarantees	216,089	1,797,745
<b>Total Liabilities</b>	<b>5,817,067</b>	<b>48,394,907</b>
<b>Shareholders' Equity</b>		
Common Stock and Preferred Stock	247,231	2,056,838
Capital Surplus	117,203	975,069
Retained Earnings (Deficit)	(104,990)	(873,466)
Net Unrealized Gains on Other Securities, net of Taxes	1,299	10,814
Treasury Stock	(15)	(126)
<b>Total Shareholders' Equity</b>	<b>260,729</b>	<b>2,169,129</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 6,077,797</b>	<b>\$ 50,564,036</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

## Non-Consolidated Statement of Operations

For the Fiscal Year ended March 31, 2003

	Millions of yen	Thousands of U.S. dollars
<b>Income</b>		
Trust Fees	¥ 35,551	\$ 295,768
Interest Income	80,011	665,650
Loans and Discounts	61,509	511,722
Securities	16,540	137,606
Other	1,961	16,322
Fee and Commission Income	22,215	184,821
Trading Income	3,656	30,419
Other Operating Income	11,289	93,920
Other Income	27,240	226,626
<b>Total Income</b>	<b>179,963</b>	<b>1,497,204</b>
<b>Expenses</b>		
Interest Expenses	38,538	320,619
Deposits	11,558	96,162
Borrowings and Rediscounts	2,102	17,496
Other	24,876	206,961
Fee and Commission Expenses	3,847	32,010
Other Operating Expenses	995	8,281
General and Administrative Expenses	54,380	452,414
Other Expenses	169,703	1,411,839
<b>Total Expenses</b>	<b>267,464</b>	<b>2,225,163</b>
<b>Loss before Income Taxes</b>	<b>(87,500)</b>	<b>(727,959)</b>
Income Taxes:		
Current	21	181
Deferred	17,558	146,074
<b>Net Loss</b>	<b>¥ (105,080)</b>	<b>\$ (874,214)</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥120.20=US\$1.00, the foreign exchange rate on March 31, 2003, has been used for translation.

# Senior Executive Officers of Mizuho

## Mizuho Financial Group, Inc.

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### Board of Directors

**Terunobu Maeda\***  
President & CEO

**Seiji Sugiyama\***  
Deputy President  
*Head of IT, Systems & Operations Group /  
Chief Information Officer (CIO)*

**Mitsuru Machida\***  
Managing Director  
*Head of Financial Control and Accounting  
Group and General Manager of ALM and  
Trading Planning / Chief Financial Officer (CFO)*

**Jun Kawada\***  
Managing Director  
*Head of Strategic Planning Group and Head  
of Audit and Compliance Group / Chief  
Strategy Officer (CSO) / Chief Compliance  
Officer (CCO)*

**Hiroshi Saito**  
Director

**Tadashi Kudo**  
Director

**Yoshiharu Fukuhara**  
Director

**Glen S. Fukushima**  
Director

### Corporate Auditors

**Akio Takeuchi**  
Corporate Auditor

**Hidemi Ueda**  
Corporate Auditor

**Setsuo Umezawa**  
Corporate Auditor

**Yukio Nozaki**  
Corporate Auditor

**Toshiaki Hasegawa**  
Corporate Auditor

### Executive Officers

**Takashi Tsukamoto**  
Managing Executive Officer  
*Head of Risk Management Group and Head  
of Human Resources Group and General  
Manager of Post-retirement Counseling /  
Chief Risk Officer (CRO) / Chief Human  
Resources Officer (CHRO)*

**Yoshiaki Sugita**  
Executive Officer

## Mizuho Corporate Bank

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### Board of Directors

**Hiroshi Saito\***  
President & CEO

**Nobuhiro Mori\***  
Deputy President  
*Chief Compliance Officer /  
Head of Audit & Compliance Group*

**Toshiaki Ouchi\***  
Deputy President

**Teruhiko Ikeda\***  
Deputy President

**Michio Ueno\***  
Senior Managing Director  
*Head of International Banking Unit*

**Takashi Goto\***  
Managing Director  
*Chief Strategy Officer / Head of Strategic  
Planning Group  
Chief Credit Officer / Head of Credit*

**Toshikazu Kitano\***  
Managing Director  
*Head of Corporate Banking Unit*

### Corporate Auditors

**Kohei Yamashiro**  
Corporate Auditor

**Junichi Miyazaki**  
Corporate Auditor

**Yukio Nozaki**  
Corporate Auditor

**Akio Takeuchi**  
Corporate Auditor

### Executive Officers

**Seiichiro Sato**  
Managing Executive Officer  
*Head of Europe, Africa and the Middle East*

**Masatsugu Nagato**  
Managing Executive Officer  
*Head of the Americas*

**Yasufumi Miyazaki**  
Managing Executive Officer  
*Head of Asia and Oceania*

## Mizuho Bank

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### Board of Directors

**Tadashi Kudo\***  
President & CEO

**Yukio Obara\***  
Deputy President

**Tsutomu Abe\***  
Deputy President

**Yoshiro Aoki\***  
Senior Managing Director

**Yasuo Tsunemi\***  
Senior Managing Director

**Kazumi Yanagihara\***  
Senior Managing Director

**Shinichi Watanabe\***  
Managing Director

### Corporate Auditors

**Masayoshi Ejiri**  
Corporate Auditor

**Kiyotaka Noborihayashi**  
Corporate Auditor

**Toshiaki Hasegawa**  
Corporate Auditor

**Hidemi Ueda**  
Corporate Auditor

## Mizuho Securities

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### Board of Directors

**Yoshio Osawa**  
President

**Hideo Arai**  
Deputy President

**Takayasu Tanaka**  
Deputy President

**Shinji Ichishima**  
Deputy President

## Mizuho Trust & Banking

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### Board of Directors

**Hiroaki Etoh**  
President and CEO

**Takeo Sekihara**  
Deputy President

**Hirokazu Ishikawa**  
Deputy President

**Hidehiko Naito**  
Deputy President

Notes: 1. \* The Directors concurrently serving as Executive Officers.

2. The Executive Officers, excluding the Directors concurrently serving as the Executive Officers and Executive Officers responsible for global regional operations of Mizuho Corporate Bank, have not been listed.

3. The Executive Officers, excluding the Directors concurrently serving as the Executive Officers of Mizuho Bank, have not been listed.

4. Members of the Board of Directors other than the President and the Deputy Presidents, and the Corporate Auditors as well as the Executive Officers of Mizuho Securities, have not been listed.

5. Members of the Board of Directors other than the President and CEO and the Deputy Presidents, and the Corporate Auditors as well as the Executive Officers of Mizuho Trust & Banking, have not been listed.

## Domestic Network of Mizuho

(as of March 31, 2003)

### Mizuho Financial Group, Inc.

Head Office

### Mizuho Holdings

Head Office

### Mizuho Corporate Bank

Head Office and Branches: 18

### Mizuho Bank

Head Office and Branches: 544

Sub-branches: 97

Agencies: 4

### Mizuho Securities

Head Office

### Mizuho Trust & Banking

Head Office and Branches: 38

## International Network of Mizuho

(as of July 31, 2003)

### Asia and Oceania

#### Branches and Representative Offices

##### Seoul Branch

14th Floor, Nae Wei Building, 6, 2-ka, Eulji-ro, Chung-ku, Seoul, Republic of Korea  
TEL 822-3782-8500

##### Shanghai Branch

25th Floor, HSBC TOWER., 101 Yin Cheng East Road, Pudong New Area, Shanghai 200120, The People's Republic of China  
TEL 86-21-6841-0001

##### Dalian Branch

6th Floor, Senmao Building, Zhongshan Road 147, Xigang District, Dalian 116011, The People's Republic of China  
TEL 86-411-3602543

##### Beijing Branch

8th Floor, Chang-Fu-Gong Office Building, Jia 26, Jianguomenwai Street, Chaoyang District, Beijing 100022, The People's Republic of China  
TEL 86-10-6513-9026

##### Shenzhen Branch

21st Floor, Shenzhen International Financial Building, Jian She Lu, Shenzhen, Guangdong Province, The People's Republic of China  
TEL 86-755-8222-1918

##### Tianjin Representative Office

Room 2202, Tianjin International Building 75, Nanjing Road, Tianjin, The People's Republic of China  
TEL 86-22-2330-5448

##### Nanjing Representative Office

Room 801, Nanjing Grand Hotel, 208 Guangzhou Road, Nanjing, Jiangsu Province, The People's Republic of China  
TEL 86-25-332-9379

##### Wuhan Representative Office

Room 305, Holiday Inn Tian-an Wuhan, 868 Jiefang Dadao, Wuhan 430022, The People's Republic of China  
TEL 86-27-8582-1155

##### Xiamen Representative Office

Room 915, East Ocean Building Hotel, No.1 Building, Zhongshan Road, Xiamen, Fujian 361001, The People's Republic of China  
TEL 86-592-202-1111 (ex 2915)

##### Guangzhou Representative Office

12th Floor, Garden Tower, 368 Huanshi Dong Lu, Guangzhou 510064, The People's Republic of China  
TEL 86-20-8385-8000

##### Hong Kong Branch

17th Floor, Two Pacific Place, 88 Queensway, Hong Kong, S.A.R., The People's Republic of China  
TEL 852-2103-3000

##### Taipei Branch

2nd Floor, Hung Kuo Building, 167 Tun Hua North Road, Taipei 105, Taiwan  
TEL 886-2-2715-3911

##### Kaohsiung Branch

12th Floor, No.2, Chung Cheng 3rd Road, Kaohsiung 800, Taiwan  
TEL 886-7-236-8768

##### Manila Branch

26th Floor, Citibank Tower, Valero Street corner Villar Street, Salcedo Village, Makati City, Metro Manila, Philippines  
TEL 63-2-848-0001

##### Hanoi Branch

Suite 403~407, 63 LTT Building, 63 Ly Thai To Street, Hanoi, Socialist Republic of Vietnam  
TEL 84-4-826-6553

##### Ho Chi Minh City Representative Office

7th Floor, The Landmark, 5B Ton Duc Thang Street, District 1, Ho Chi Minh City, Socialist Republic of Vietnam  
TEL 84-8-8228-638

##### Bangkok Branch

18th Floor, TISCO Tower, 48 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand  
TEL 66-2-638-0200

##### Labuan Branch

Level 9 (B) & (C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia  
TEL 60-87-417766

##### Labuan Branch, Kuala Lumpur Marketing Office

Level 34, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia  
TEL 60-3-2070-6880

##### Kuala Lumpur Representative Office

Level 34, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia  
TEL 60-3-2070-6595

##### Singapore Branch

168 Robinson Road, #13-00 Capital Tower, Singapore 068912, Republic of Singapore  
TEL 65-6423-0330

##### Mumbai Branch

Maker Chamber III, 1st Floor, Jamnalal Bajaj Road, Nariman Point, Mumbai, 400021 India  
TEL 91-22-2288-6638

##### New Delhi Representative Office

DBS Business Centre, 1st Floor, World Trade Tower, Barakhamba Lane, New Delhi 110 001 India  
TEL 91-11-341-2190

##### Sydney Branch

Level 33, 60 Margaret Street, Sydney, N.S.W. 2000, Australia  
TEL 61-2-8273-3888

### Subsidiaries

#### PT. Bank Mizuho Indonesia

Plaza BII Menara 2, 24th Floor, J.L., M.H. Thamrin No. 51, Jakarta 10350, Indonesia  
TEL 62-21-392-5222

#### Mizuho Corporate Asia (HK) Limited

17th Floor, Two Pacific Place, 88 Queensway, Hong Kong, S.A.R., The People's Republic of China  
TEL 852-2103-3040

#### Mizuho Corporate Leasing (Thailand) Co., Ltd.

19th Floor, TISCO Tower 48/44 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand  
TEL 662-638-0900

Note: All overseas offices are those of Mizuho Corporate Bank except for offices as indicated as follows:

- \* Subsidiary of Mizuho Securities
- \*\* Subsidiary of Mizuho Trust & Banking
- \*\*\* Subsidiary of DLIBJ Asset Management

## *Mizuho Capital Markets (HK) Limited*

16th Floor, Two Pacific Place, 88 Queensway,  
Hong Kong, S.A.R.,  
The People's Republic of China  
TEL 852-2537-3815

## *Mizuho Securities Asia Limited\**

Suites 901-907, Level 9, CITIC Tower,  
1 Tim Mei Avenue, Central, Hong Kong, S.A.R.,  
The People's Republic of China  
TEL 852-2685-2000

## *Mizuho Futures (Singapore) Pte. Limited\**

Six Battery Road, #18-05 Singapore 049909,  
Republic of Singapore  
TEL 65-6221-3633

## The Americas

### Branches, Agency and Representative Offices

#### *New York Branch*

1251 Avenue of the Americas,  
New York, NY 10020, U.S.A.  
TEL 1-212-282-3000

#### *Chicago Branch*

AT&T Corporate Center, Suite 2600,  
227 West Monroe Street, Chicago,  
IL 60606, U.S.A.  
TEL 1-312-855-1111

#### *Los Angeles Agency*

350 South Grand Avenue, Suite 1500,  
Los Angeles, CA 90071, U.S.A.  
TEL 1-213-243-4500

#### *Panama Branch*

Plaza Internacional, Via España,  
P.O.Box 2637, Panama 9A,  
Republic of Panama  
TEL 507-269-6111

#### *Mexico Representative Office*

Edificio Omega, Campos Eliseos No.345-11,  
Col. Chapultepec Polanco, Deleg. Miguel Hidalgo,  
11560 Mexico, D.F., Mexico  
TEL 52-55-5281-5037

#### *São Paulo Representative Office*

Avenida Paulista, 1274-11<sup>o</sup> andar, CEP.01310-926,  
São Paulo, SP, Brazil  
TEL 55-11-251-4199

### Subsidiaries

#### *Mizuho Corporate Bank (Canada)*

Suite 1102, 100 Yonge Street, Toronto, Ontario,  
Canada M5C 2W1  
TEL 1-416-874-0222

#### *Mizuho Corporate Bank of California*

555 West Fifth Street, Los Angeles,  
CA 90013, U.S.A.  
TEL 1-213-612-2700

#### *Mizuho Corporate Bank (USA)*

1251 Avenue of the Americas, New York,  
NY 10020, U.S.A.  
TEL 1-212-282-3030

#### *Mizuho Capital Markets Corporation*

1440 Broadway, 25th Floor, New York,  
NY 10018, U.S.A.  
TEL 1-212-547-1500

## *Mizuho Securities USA Inc.\**

Waterfront Corporate Center, 111 River Street,  
11th Floor, Hoboken,  
NJ 07030, U.S.A.  
TEL 1-201-626-1000

## *The Bridgeford Group, Inc.\**

445 Park Avenue, 20th Floor, New York,  
NY 10022, U.S.A.  
TEL 1-212-705-0880

## *Mizuho Trust & Banking Co.(USA) \*\**

666 Fifth Avenue, Suite 802, New York,  
NY 10103, U.S.A.  
TEL 1-212-373-5900

## *DLIBJ Asset Management U.S.A. Inc.\*\*\**

1133 Avenue of the Americas, 28th Floor, New York,  
NY 10036, U.S.A.  
TEL 1-212-350-7650

## Europe and the Middle East

### Branches and Representative Offices

#### *London Branch*

River Plate House, 7-11 Finsbury Circus,  
London EC2M 7DH, UK  
TEL 44-20-7012-4000

#### *Paris Branch*

Washington Plaza 40, rue Washington,  
75408 Paris Cedex 08, France  
TEL 33-1-5383-4100

#### *Düsseldorf Branch*

Königsallee 60 D, 40212 Düsseldorf,  
F.R. Germany  
TEL 49-211-13020

#### *Milan Branch*

Via Senato 14/16, 20121 Milan, Italy  
TEL 39-02-760-861

#### *Madrid Branch*

Torre Picasso Planta 9,  
Plaza Pablo Ruiz Picasso, 1 AZCA,  
28020 Madrid, Spain  
TEL 34-91-597-2612

#### *Bahrain Representative Office*

Suite 201-202, Entrance 4,  
2nd Floor Manama Center,  
Manama, Bahrain  
(P.O. BOX 5759, Manama, Bahrain)  
TEL 973-224522

#### *Tehran Representative Office*

3rd Floor, No.1, 14th Street,  
Khaled Eslamboli Avenue, Tehran 15117, Iran  
TEL 98-21-872-6593

### Subsidiaries

#### *Mizuho Corporate Bank Nederland N.V.*

Apollolaan 171, 1077 AS Amsterdam,  
The Netherlands  
TEL 31-20-5734343

#### *Mizuho Corporate Bank (Germany) Aktiengesellschaft*

Taunustor 2, 60311 Frankfurt am Main,  
F.R. Germany  
TEL 49-69-27282-0

## *Mizuho Capital Markets (UK) Limited*

River Plate House, 7-11 Finsbury Circus,  
London EC2M 7DH, UK  
TEL 44-20-7972-9900

## *Mizuho Corporate Bank-BA Investment Consulting GmbH*

Landhausgasse 4/7, 1010 Vienna, Austria  
TEL 43-1-5355868

## *Mizuho International plc\**

Bracken House, One Friday Street,  
London EC4M 9JA, UK  
TEL 44-20-7236-1090

## *Mizuho Bank (Switzerland) Ltd.\**

Loewenstrasse 32, CH-8023 Zurich, Switzerland  
TEL 41-1-216-9111

## *Mizuho Trust & Banking (Luxembourg) S.A.\*\**

1B, Parc d'Activité Syrdall, L-5365 Munsbach,  
Luxembourg  
TEL 352-4216171

## *DLIBJ Asset Management International Ltd.\*\*\**

Bracken House, One Friday Street, London,  
EC4M 9JA, UK  
TEL 44-20-7329-3777

## Date of Establishment

January 8, 2003

## Paid-in Capital

¥1,540,965 million

## Outstanding Shares

12,727,356.71 shares

Common Shares: 10,582,426.71 shares

Preferred Shares: 2,144,930 shares

## Number of Shareholders

Common Shares: 253,103

Preferred Shares: 3,429

## Principal Shareholders (Common Stock)

	Shares held	Percentage of shares outstanding (%)
Mizuho Holdings, Inc.	1,155,839.83	10.92
Japan Trustee Services Bank, Ltd. (Trust account)	368,390.00	3.48
The Dai-ichi Mutual Life Insurance Company	349,158.00	3.29
The Master Trust Bank of Japan, Ltd. (Trust account)	225,860.00	2.13
Nippon Life Insurance Company	189,476.76	1.79
Asahi Mutual Life Insurance Company	175,608.00	1.65
Sompo Japan Insurance Inc.	150,882.00	1.42
UFJ Trust Bank Limited (Trust account A)	102,272.00	0.96
The Yasuda Mutual Life Insurance Company	87,809.00	0.82
Shinsei Bank, Limited	77,476.12	0.73

(as of March 31, 2003)

## Stock Listings

Tokyo Stock Exchange

Osaka Securities Exchange

## Accounting Auditors

Shin Nihon & Co.

## Transfer Agent

Mizuho Trust & Banking Co., Ltd.

## Fiscal Year

April 1 to March 31

## Convocation of General Meetings of Shareholders

A regular general meeting of shareholders of the Company shall be convened no later than three months from the last day of each business year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.

## Record Date

The Company shall deem shareholders having voting rights appearing in writing or digitally on the last register of shareholders (including the register of beneficial shareholders; the same shall apply hereinafter) as of March 31 of each year as the shareholders who shall be entitled to exercise their rights at the regular general meeting of shareholders for the relevant fiscal term.

In addition to the preceding paragraph, the Company may temporarily set the record date whenever necessary, pursuant to a resolution of the Board of Directors and upon giving a prior public notice thereof.

## Dividends

Dividends on shares shall be paid to the shareholders or registered pledgees appearing in writing or digitally on the last register of shareholders as of March 31 of each year or to the holders of fractional shares appearing in writing or digitally on the last register of holders of fractional shares as of March 31 of each year.

## Interim Dividends

The Company may, by a resolution of the Board of Directors, make cash distributions pursuant to the provisions of Article 293-5 of the Commercial Code (referred to as "Interim Dividends" in these Articles of Incorporation) to the shareholders or registered pledgees appearing in writing or digitally on the last register of shareholders as of September 30 of each year or to the holders of fractional shares appearing in writing or digitally on the last register of holders of fractional shares as of September 30 of each year.



## MHFG aims to provide customers and shareholders with information on the group's various "values."

### ○ Voluntary, Proactive Disclosure

By winning the highest regard of our shareholders and the market, we aim to earn the trust of society as Japan's leading comprehensive financial services group. For this reason, we attach the highest management priority to disclose to our customers, shareholders and investors in Japan and overseas the information they need to form accurate judgments and appraisals of the group's status at any given time.

Since we aim to become an innovative financial services group that leads the new era in the global financial marketplace, we are committed to provide ongoing disclosure on a timely, appropriate and impartial basis as a means of achieving levels of management transparency that surpass global standards.

Specifically, we intend to use the following tools to promote further understanding of group activities:

- \*IR meetings and other briefings by top executives, and disclosure of the content of such meetings on our Web site.
- \*Highly detailed annual reports and other publications.
- \*Diversification and effective use of disclosure channels such as our Web site, conference calls and Internet conferencing.



Mizuho's IR Home Page



### ○ Disclosure in Compliance with Relevant Laws

In accordance with the provisions of the Japanese Banking Law, the Securities and Exchange Law and the relevant regulations laid down by stock exchanges in Japan and around the world, we will endeavor to disclose pertinent information in a timely and appropriate manner.

**Mizuho Financial Group, Inc.**

Marunouchi Center Building,  
1-6-1, Marunouchi,  
Chiyoda-ku, Tokyo 100-0005,  
Japan  
Tel. +81-(0)3-5224-1111  
URL: <http://www.mizuho-fg.co.jp/>



**Mizuho Corporate Bank, Ltd.**

1-3-3, Marunouchi,  
Chiyoda-ku, Tokyo 100-8210,  
Japan  
Tel. +81-(0)3-3214-1111  
URL: <http://www.mizuhocbk.co.jp/>



**Mizuho Bank, Ltd.**

1-1-5, Uchisaiwaicho,  
Chiyoda-ku, Tokyo 100-0011,  
Japan  
Tel. +81-(0)3-3596-1111  
URL: <http://www.mizuhobank.co.jp/>



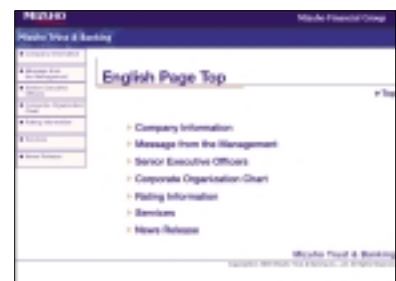
**Mizuho Securities Co., Ltd.**

Otemachi First Square,  
1-5-1, Otemachi,  
Chiyoda-ku, Tokyo 100-0004,  
Japan  
Tel. +81-(0)3-5208-3210  
URL: <http://www.mizuho-sc.com/>



**Mizuho Trust & Banking Co., Ltd.**

1-2-1, Yaesu,  
Chuo-ku, Tokyo 100-8670,  
Japan  
Tel. +81-(0)3-3278-8111  
URL: <http://www.mizuho-tb.co.jp/>



**MIZUHO**



Mizuho Financial Group