

# MIZUHO



Mizuho Financial Group

Annual Report  
(April 2001~March 2002)

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2002

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Mizuho Holdings, Inc.

# Financial Highlights (Consolidated)

## Mizuho Holdings

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Total Income	¥ 5,315,591	¥ 5,913,742	\$ 39,891,867
Total Expenses	6,740,762	5,433,665	50,587,334
Income (Loss) before Income Taxes and Minority Interests	(1,425,170)	480,077	(10,695,467)
Net Income (Loss)	(976,044)	211,260	(7,324,915)
Cash Dividends	54,985	43,407	412,650

Note: Cash Dividends for the fiscal year ended March 31, 2001 (fiscal 2000) includes "Stock Transfer Payment" which was paid instead of Interim Cash Dividends for fiscal 2000.

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Total Assets	¥ 151,312,427	¥ 163,455,480	\$ 1,135,552,930
Securities	24,108,931	28,062,563	180,930,066
Loans and Bills Discounted	84,593,656	92,286,772	634,849,206
Deposits	85,606,236	80,176,482	642,448,297
Total Shareholders' Equity	4,731,420	6,254,270	35,507,843

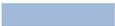
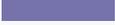
For the Fiscal Years ended March 31	yen		U.S. dollars
	2002	2001	2002
<b>Per Share</b>			
Net Income (Loss) (Common Stock)	¥ (108,003.27)	¥ 20,524.13	\$ (810.53)
Cash Dividends per Share:			
Common Stock	3,500	7,000	26.27
Preferred Stock			
First Series Class I Preferred Stock	22,500	22,500	168.86
Second Series Class II Preferred Stock	8,200	8,200	61.54
Third Series Class III Preferred Stock	14,000	14,000	105.07
Fourth Series Class IV Preferred Stock	47,600	47,600	357.22
Fifth Series Class V Preferred Stock	—	7,500	—
Sixth Series Class VI Preferred Stock	42,000	42,000	315.20
Seventh Series Class VII Preferred Stock	11,000	11,000	82.55
Eighth Series Class VIII Preferred Stock	8,000	8,000	60.04
Ninth Series Class IX Preferred Stock	17,500	17,500	131.33
Tenth Series Class X Preferred Stock	5,380	5,380	40.38

Note: 1. Cash Dividends for fiscal 2000 includes "Stock Transfer Payment" which was paid instead of Interim Cash Dividends for fiscal 2000.  
2. All the outstanding of Fifth Series Class V Preferred Stock was converted into Common Stock on February 1, 2002.

At March 31	2002	2001	2002
<b>Capital Adequacy</b>			
Risk-based Capital Ratio (BIS Capital Ratio)	10.56%	11.39%	/

## Ratings

At July 31, 2002	Moody's		Standard & Poor's		Fitch		R&I	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Mizuho Holdings	—	—	—	—	A <sup>-</sup>	F2	A	a-1
Mizuho Corporate Bank	A3	P-1	BBB	A-3	A <sup>-</sup>	F2	A	a-1
Mizuho Bank	A3	P-1	BBB	A-3	A <sup>-</sup>	F2	A	a-1
Mizuho Securities	—	—	—	—	—	—	—	a-1
Mizuho Trust & Banking	A3	P-1	—	—	A <sup>-</sup>	F2	A	a-1

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**Terunobu Maeda**

President & CEO, Mizuho Holdings

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

At the same time, I would like to express my deepest regret and apologies for your inconvenience and concern on the Mizuho Financial Group as the result of our not only having recorded a significant net loss for fiscal 2001 but also causing the computer systems problems in our domestic services, such as ATM services problems and delays in automatic debit transactions in connection with the launching of Mizuho Corporate Bank and Mizuho Bank in April 2002. Although operations have been restored to normal, we are making every effort to implement preventative measures not to repeat similar problems and to bring further stability to our systems and business operations. In addition to these efforts, everyone in the group will work together to restore confidence in the Mizuho Financial Group as quickly as possible through providing superior services.

This report is designed to deepen your understanding of our group by informing you of our new corporate structure, policies and performance.

### ● Inauguration of New Management Structure with on Four Core Subsidiaries

On April 1, 2002 the Mizuho Financial Group, through a corporate split and merger process, reorganized the operations of Dai-ichi Kangyo Bank, Fuji Bank and Industrial Bank of Japan (the three banks) into Mizuho Corporate Bank and Mizuho Bank. Mizuho Corporate Bank primarily serves large corporations, financial institutions and their group companies, public sector entities, and overseas corporations including subsidiaries of Japanese companies. Mizuho Bank's main customer base consists of individuals, domestic small and medium-sized, and middle market enterprises, and local governments. Mizuho Securities and Mizuho Trust & Banking also became direct subsidiaries of Mizuho Holdings through corporate splits, creating a new management structure with four core legally separate subsidiaries. This structure will secure our advantage by allowing us greater efficiency and flexibility to deal with changes in the business environment while enhanc-

ing group companies' expertise responding to customer segments and business lines. We aim to become a comprehensive financial services group that offers more accurate and rapid responses to our customers' requirements by ensuring that group companies enhance their expertise and provide high value-added financial services.

## ● Business Developments and Results

In fiscal 2001, we devoted a great deal of energy to dealing with two major issues: drastic reinforcement of financial strength and reform of our earnings base.

As for drastic reinforcement of financial strength, in light of further deteriorating business sentiment and weak stock market, we made substantial efforts to promptly resolve the non-performing loan (NPL) issue, establish a financial base that is less vulnerable to stock price fluctuations, and raise capital as well as improve efficiency in use of risk-adjusted assets.

First, to seek an early resolution of NPLs, which is an urgent management matter, we accelerated final disposals of NPLs and substantially increased reserves by making stricter self-assessments, and posted Credit-related Costs of around ¥2,190.0 billion for fiscal 2001 (The figures quoted hereafter are based on the aggregated figures of the three banks unless otherwise identified.): as a result, at the end of March 2002, the NPL outstanding balance disclosed under the Financial Reconstruction Law fell by approximately ¥550.0 billion compared with September 30, 2001, resulting in an improvement in NPL ratio to total claims.

Second, to build a robust structure that would be less vulnerable to stock price fluctuations under the mark-to-market accounting system, we reduced our stock portfolio by approximately ¥730.0 billion through sales of stocks during fiscal 2001. We also disposed of unrealized losses of our stock portfolio by taking advantage of the accounting profits from the corporate split and merger process of the three banks at the beginning of fiscal 2002. As a result, net unrealized losses turned into net unrealized gains at that time. These efforts enabled us to reduce the risk of stock price fluctuations.

Third, in February 2002 we issued preferred securities of ¥356.5 billion to enhance our capital strength. Moreover, in order to improve asset efficiency, we reviewed our business portfolio and achieved a reduction of approximately ¥11.0 trillion in risk-adjusted assets through reduction of inefficient and less profitable assets, including sales of stocks, and loan securitization. As a result, our consolidated Risk-based Capital Ratio (BIS Capital Ratio) was maintained at the healthy level or 10.56% at March 31, 2002.

As for reform of our earnings base, we worked to improve our profitability by raising our loan spreads and increase our high-quality, profitable assets, including housing loans. We also reinforced fee-based

business activities and increased our earnings in growth segments such as investment banking, asset management and syndicated loans. As a result, outstanding balance of residential housing loans at the end of March 2002 increased by approximately ¥520.0 billion from the previous fiscal year. In fiscal 2001, non-interest income from commissions, foreign exchange business and sales of derivatives to customers, etc. also increased by approximately ¥34.0 billion.

During fiscal 2001, we put considerable effort into bringing forward the implementation of key rationalization measures for Mizuho Holdings and the subsidiary banks. Intensive efforts to improve the efficiency of business operations enabled us to reduce the number of employees by over 1,800, while revisions of pension and retirement programs and cuts in the bonus pool helped us to make further reduction in personnel expenses. We also closed 10 domestic branches, three overseas branches and eight overseas subsidiaries.

Although the entire group worked on these management challenges, we posted substantial losses for fiscal 2001 on a consolidated basis, primarily as a result of an increase in Credit-related Costs. Total Income came to ¥5,315.5 billion, Loss before Income Taxes and Minority Interests to ¥1,425.1 billion, and Net Loss to ¥976.0 billion. Taking such losses and the need to enhance financial strength into consideration, we regret that the annual dividend for fiscal 2001 was reduced to ¥3,500 per common share. The dividend payments on preferred stocks were made as originally planned.

### ● Group Challenges

Our principal objective of fiscal 2002 is to continue to reinforce our financial strength and earnings base.

Mizuho Corporate Bank and Mizuho Bank will continue to make appropriate write-offs and provisions based on strict self-assessments. They will also improve their systems for supporting corporate recovery and restructuring and for accelerating final disposals of problem loans with a view to resolving the NPL issue as quickly as possible.

Measures to strengthen our earnings base and seek new earnings opportunities will center on efforts to improve capital efficiency and increase non-interest income, and reform our cost structure through thorough restructuring.

Specifically, we will continue to make efforts to improve capital efficiency by further increasing our loan spreads, which reflect the credit risk of our borrowers, and by boosting housing loans and loan securitization. To increase our non-interest income, we will seek to diversify our earnings sources by reinforcing fee-based business activities such as advisory business, structuring business and cash management services, and strengthening our endeavors in areas including syndicated loans and project financing. We attach considerable strategic importance to the securities, investment banking, asset man-

agement and trust businesses. In addition to improving the quality of our financial services and maximizing synergies among group companies, we plan to nurture those areas into pillars of an efficient earnings structure.

Moreover, our ongoing rationalization program aims to pursue maximum managerial efficiency and cost structure reforms through comprehensive restructuring measures while optimizing our services.

### ● Restore Customer Confidence

In conclusion, we reiterate our deepest regret for the domestic computer systems problems, and our determination as a whole group to make every effort to restore customer confidence as soon as possible.

First, under our new structure where the responsibilities of the president and CEOs of Mizuho Holdings, Mizuho Corporate Bank and Mizuho Bank have been clearly defined, we will actively work on the reform of the management to realize a “customer-first,” “speedy” and “open” management.

Further, it is of utmost importance that we respond to our customers’ diversifying needs as well as perform steady business operations in order to restore their confidence.

By embedding the “customer-first” objective in each and every employee, we ensure that group companies enhance their expertise and provide high value-added comprehensive financial services promptly while reinforcing cooperation among group companies.

With the reorganization of the three banks to form Mizuho Corporate Bank and Mizuho Bank, the management determined to take the initiative to create a sense of innovation among senior executive officers and employees, and aims to create a new Mizuho corporate culture. At the same time, we will establish an advisory board consisting of outside experts that will offer objective evaluations and advice from an independent standpoint, aiming for a more open style of management.

Everyone in the group, from senior executive officers to each and every employee, will unite against future challenges and be committed to restore the confidence in the Mizuho Financial Group. As President & CEO, I sincerely look forward to the continuing support of our shareholders and customers.

July 2002



**Terunobu Maeda**

President & CEO, Mizuho Holdings

We would like to express our deepest apologies to the many customers who have been greatly inconvenienced by the domestic computer systems problems that occurred in April 2002, such as delays in automatic debit and other transactions at Mizuho Corporate Bank (MHCB) and Mizuho Bank (MHBK) in connection with the recent systems integration of the Mizuho Financial Group (MHFG).

Although the computer systems problems inconvenienced our domestic customers, they have had no effect on international transaction services such as settlements. We would also like to reiterate that no problem has occurred in our international operational systems.

## Explanation of the Cause and Accountability

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The cause of the domestic computer systems problems can be attributed to both inadequate tests and rehearsals of the various systems, and problems in properly managing the systems integration project.

We must admit that the senior executive officers and employees of MHFG had insufficient awareness of and weak controls over the operational risks resulting from the systems integration. In retrospect, we recognize that our disclosures of the developments were not prompt and accurate enough.

In recognition of the seriousness of this matter, remuneration for senior executive officers of Mizuho Holdings (MHHD), MHCB and MHBK was reduced by up to 50% for six months starting in July.

## Preventive Measures

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### Further Stabilization of Business Operations

With respect to problems in computer programming and operational mishandling, which were the direct causes of the problems, corrective measures have been taken and we continue to take appropriate measures in order to further stabilize our systems and business operations.

### Improvements in Project Management and Systems Development of Group Banks

The management will take the initiative in strengthening project and risk management functions through examining and analyzing the inherent risks associated with our business operations and will reinforce internal controls to prevent the reoccurrence of problems. Furthermore, we will establish efficient management for systems development through reviewing the methods of each project management. Also, we will strengthen the function of our systems audits by redesigning the organizational structure of internal auditing and by making use of external auditing methods.

### Improvements in Functions of Project Management through the Holding Company

MHHD, the holding company, will closely monitor the above project management, and at the same time will strengthen functions of its management by approving important matters related to systems development projects of group banks. Also, MHHD will strictly supervise group banks by evaluating the results of internal audits, while it plans to introduce external audits to group companies.

### Management of Systems Development Projects

As we intend to completely integrate MHBK's operational systems, learning from the above mentioned problems, all related parties in MHFG will work closely to:

- (1) complete plans for transfers of operations and continuous monitoring by the management,
- (2) carry out strict examination of the systems functional requirements, and
- (3) conduct rehearsals of systems transfer and tests of its effectiveness.

Also, in order to bring further stability to business operations, MHHD will conduct stringent internal control over additional systems development at MHCB.

## Restoration of Customer Confidence

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### Reform of the Management

Under our new structure, the responsibilities of the CEOs of the holding company and the two subsidiary banks have been clearly defined. With this structure, we will actively work on the reform of the management to realize a “customer-first,” “speedy” and “open” management by reducing the number of senior executive officers and establishing an advisory board consisting of outside experts.

### “Customer-First” Objective

We have learned a lot from our customers’ evaluation in the aftermath of the computer systems problems and realized that we have not yet reached our basic objective of placing our “customer first.” To attain this, every effort shall be made to restore the confidence of our customers.

To ensure that the “customer-first” objective is embedded in each employee:

- (1) MHFG has established a personnel evaluation system based on how each employee works towards achieving customer satisfaction,
- (2) MHFG will streamline the head office and shift human resources to the area of business promotion which has direct contact with our customers,
- (3) MHFG will drastically increase the amount of communication between top management and employees, and
- (4) MHFG will promote policies to focus more on the voice of customers, so that customers’ opinions can be directly relayed to the management.

At the same time, our public relations activities will place more importance on our customers, and basic rules will be emphasized for quickly disseminating information to our customers in emergencies.

### Establishing a New Mizuho Corporate Culture

With the reorganization of the three banks to form MHCB and MHBK, the management determined to take the initiative to create a sense of innovation among senior executive officers and employees, and aims to create a new Mizuho corporate culture.

Specifically, a personnel evaluation system will be put in place in which the following will be stressed:

- (1) Possessing a “customer-first” corporate objective.
- (2) Facing the challenges of innovation.
- (3) Being rational and fair in making decisions.
- (4) Placing more importance on speed of actions.
- (5) Being accountable for all actions.

These values shall be shared by all employees and be the basis for a 360-degree employee performance evaluation.

At the same time, to quickly promote a sense of unity within MHFG and to revitalize the resources of our organization, we will promote such policies as placing the right employee in the right job irrespective of the employee’s bank of origin, as well as active transfers of human resources among all group companies.

We will make every effort to bring stability to our systems and business operations and not to repeat similar problems that we recently experienced. Everyone from senior executive officers to each and every employee will work together to restore the confidence of our customers in MHFG as quickly as possible through providing them with superior services.

## Highlights for Fiscal 2001

- Net Business Profits (aggregated figures of the three banks), which indicates our core profitability, increased by ¥175.2 billion from fiscal 2000.
- Although the group posted Net Loss as a result of drastic disposal of non-performing loans (NPLs), the consolidated Risk-based Capital Ratio (BIS Capital Ratio) was maintained at the healthy level of 10.56%.
- Outstanding NPLs decreased by ¥554.3 billion from the fiscal 2001 interim period due to the acceleration of the final disposals of NPLs as well as stricter self-assessments.
- Reductions in shareholdings and disposal of their unrealized losses by taking advantage of accounting profits from the corporate split and merger process of the three banks lowered the risk of future stock price fluctuations.

## ● Profits and Losses

### Mizuho Holdings (MHHD) (Consolidated)

For the Fiscal Years ended March 31	2002	Change	Billions of yen 2001
Income (Loss) before Income Taxes and Minority Interests	¥ (1,425.1)	¥ (1,905.2)	¥ 480.0
Net Income (Loss)	(976.0)	(1,187.3)	211.2

### Aggregated Figures of the Three Banks

For the Fiscal Years ended March 31	2002	Change	Billions of yen 2001
Gross Profits	¥ 1,829.9	¥ 190.5	¥ 1,639.4
General and Administrative Expenses	871.7	15.2	856.4
Net Business Profits (before Provision (Reversal) of General Reserve for Possible Losses on Loans)	958.2	175.2	782.9
Credit-related Costs	2,193.9	1,500.0	693.8
Net Income (Loss)	(909.6)	(1,112.2)	202.6

### Mizuho Securities (MHSC) (Non-Consolidated)

For the Fiscal Years ended March 31	2002	Change	Billions of yen 2001
Income (Loss) before Income Taxes	¥ (4.1)	¥ (1.9)	¥ (2.1)
Net Income (Loss)	(6.7)	(5.3)	(1.3)

### Mizuho Trust & Banking (MHTB) (Non-Consolidated)

For the Fiscal Years ended March 31	2002	Change	Billions of yen 2001
Income (Loss) before Income Taxes	¥ (7.0)	¥ 3.1	¥ (10.2)
Net Income (Loss)	(4.0)	2.0	(6.1)

## ● Consolidated Risk-Based Capital Ratio (BIS Capital Ratio)

At March 31	2002	Change	Billions of yen 2001
BIS Capital	¥ 9,959.9	¥ (2,045.0)	¥ 12,004.9
Tier I Capital	¥ 5,029.1	¥ (1,263.4)	¥ 6,292.6
Risk-adjusted Assets	¥ 94,288.9	¥ (11,029.0)	¥ 105,317.9
BIS Capital Ratio	10.56%	(0.83)%	11.39%

Note : The aggregated figures of the three banks are made up of the simple totals of the non-consolidated results of Dai-ichi Kangyo Bank (DKB), Fuji Bank (Fuji Bank) and Industrial Bank of Japan (IBJ).

- An analysis of the aggregated figures of the three banks that account for most of the consolidated results shows that Net Business Profits, which indicates our core profitability, increased by ¥175.2 billion from fiscal 2000 to ¥958.2 billion. This was primarily due to the increase of Gross Profits by ¥190.5 billion as a result of the rise in interest and dividends on securities and treasury profits, etc.

- While General and Administrative Expenses increased by ¥15.2 billion from fiscal 2000, we made progress in restructuring, including the reduction in the number of directors and employees as well as consolidation and closing of offices. General Expenses, from which expenses related to the consolidation and deposit insurance premiums were excluded, decreased approximately ¥10.0 billion from fiscal 2000.

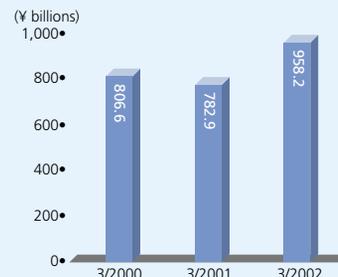
- In light of the stagnating economy and the government's "Front-Loaded Reform Program," we posted Credit-related Costs of ¥2,193.9 billion as a result of the provision of reserves based on our stricter self-assessments and the acceleration of the final disposals of NPLs.

- Net Loss (aggregated figures of the three banks) thus was ¥909.6 billion, and consolidated Net Loss was ¥976.0 billion.

- As a result of our putting considerable effort into improving efficiency in the use of risk-adjusted assets and raising capital of ¥356.5 billion through preferred securities in February 2002, our consolidated BIS Capital Ratio was maintained at the healthy level of 10.56% as of March 31, 2002.

### Net Business Profits (before Provision (Reversal) of General Reserve for Possible Losses on Loans)

(Aggregated figures of the three banks)



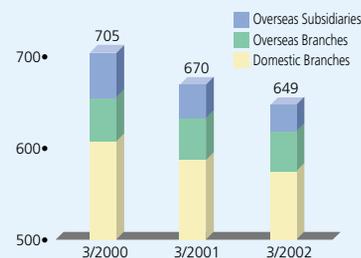
### Number of Employees

(Aggregated figures of the three banks)

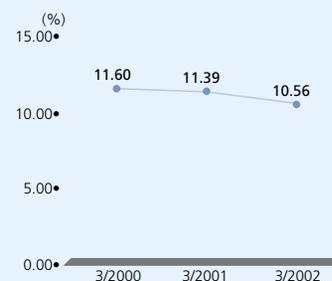


### Number of Domestic and Overseas Offices

(Aggregated figures of the three banks)



### BIS Capital Ratio (Consolidated)



## ● Status of Non-Performing Loans

### Outstanding NPLs disclosed under the Financial Reconstruction Law (FRL) and Status of Coverage

#### Aggregated Figures of the Three Banks

	At March 31, 2002	Change	At September 30, 2001	At March 31, 2001
Outstanding NPLs disclosed under the FRL	¥ 5,023.7	¥ (554.3)	¥ 5,578.0	¥ 4,195.6
Claims against Bankrupt and Substantially Bankrupt Obligors	1,060.3	116.1	944.2	805.9
Claims with Collection Risk	2,030.1	(86.6)	2,116.8	1,613.0
Claims for Special Attention	1,933.2	(583.7)	2,517.0	1,776.7

#### Aggregated Figures of the Three Banks

	At March 31, 2002	Change	At September 30, 2001	At March 31, 2001
Coverage Ratio (after Direct Write-offs of Category IV Loans)	70.6%	0.6%	70.0%	73.3%
Claims against Bankrupt and Substantially Bankrupt Obligors	100.0	—	100.0	100.0
Claims with Collection Risk	81.0	0.4	80.6	85.4
Claims for Special Attention	43.5	(6.3)	49.8	50.3

## Results of Removal of Problem Loans

#### Aggregated Figures of the Three Banks

	Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk	At March 31, 2002	Accumulated Removal	Removal Ratio
Problem Loans in the 1st Half of FY2000 and Before (Accumulated Problem Loans)	¥ 2,465.4	¥ 812.6	¥ (1,652.7)	67.0%
Problem Loans Generated Additionally in the 2nd Half of FY2000	673.9	311.6	(362.3)	53.8
Problem Loans Generated Additionally in the 1st Half of FY2001	1,187.3	770.3	(416.8)	35.1
Problem Loans Generated Additionally in the 2nd Half of FY2001	1,195.6	1,195.6	—	—
<b>Total</b>	—	<b>3,090.4</b>	<b>(2,431.8)</b>	—

## ● Unrealized Gains and Losses of Other Securities

#### Aggregated Figures of the Three Banks

	At March 31, 2002 (Stated at mark-to-market)				At March 31, 2001		
	Book Value (=Fair Value)	Unrealized Gains and Losses	Unrealized Gains	Unrealized Losses	Unrealized Gains and Losses	Unrealized Gains	Unrealized Losses
Other Securities	¥ 20,475.0	¥ (861.2)	¥ 411.7	¥ 1,273.0	¥ (253.9)	¥ 785.4	¥ 1,039.3
Stocks	5,827.5	(722.7)	368.5	1,091.2	(276.6)	703.2	979.9
Bonds	10,382.2	(15.9)	12.7	28.7	25.2	37.7	12.5
Others	4,265.1	(122.5)	30.4	153.0	(2.5)	44.3	46.9

## Unrealized Gains and Losses at the Beginning of Fiscal 2002

#### Aggregated Figures of the Three Banks

#### Aggregated Figures of Mizuho Corporate Bank (MHC) and Mizuho Bank (MHBK)

	At March 31, 2002 (A)	Disposal of Unrealized Losses (B)	After Disposal (A)+(B)	MHC		MHBK
Other Securities	¥ (887.5)	¥ 902.6	¥ 15.1	¥ (7.5)	¥ 22.7	
Stocks	(748.0)	828.8	80.7	41.9	38.8	
Bonds / Others	(139.4)	73.8	(65.6)	(49.5)	(16.0)	

Note: After changing classification.

- In light of the recent economic environment, we posted Credit-related Costs of ¥2,193.9 billion during fiscal 2001 because of our stricter self-assessments and the acceleration of final disposals of NPLs.

- During the second half of fiscal 2001 in particular, we placed additional reserves in a specific group of borrowers by taking into account their industry, stock price and credit rating, etc. Pertaining to dealing with the Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk, our efforts in direct write-offs, collection and securitization resulted in removing NPLs of approximately ¥1,166.0 billion from our balance sheet.

- As a result, outstanding NPLs disclosed under the FRL increased by ¥828.0 billion from fiscal 2000 but fell by ¥554.3 billion from the fiscal 2001 interim period to ¥5,023.7 billion. Our coverage ratio against those claims (coverage ratio by reserves, collateral and guarantees, etc.) was 70.6% as of March 31, 2002.

- In order to establish a financial base, which cannot be easily influenced by stock prices, we aimed at reduction of the risk of future stock price fluctuations.

- We have reduced our stock portfolio through sales of stocks, and in fiscal 2001 further accelerated our efforts to sell off stocks and achieved a reduction of approximately ¥730.0 billion.

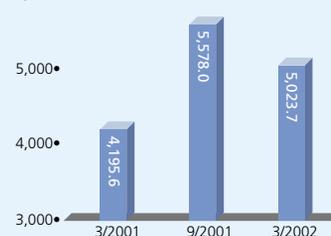
- As of March 31, 2002, our Net Unrealized Losses on stocks were ¥722.7 billion, but by taking advantage of the accounting profits\* from the corporate split and merger process of the three banks, we disposed of over ¥800 billion in unrealized losses, resulting in Net Unrealized Gains of ¥80.7 billion.

\*Overview of the accounting entry made through the corporate split and merger process (page 12).

### Outstanding NPLs disclosed under the FRL

(Aggregated figures of the three banks)

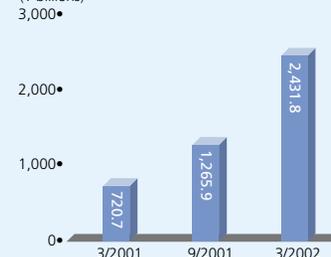
(¥ billions)



### Accumulated Removal of Problem Loans

(Aggregated figures of the three banks)

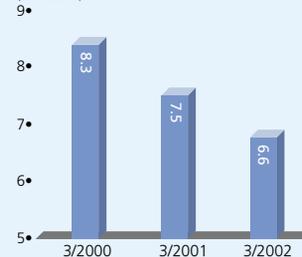
(¥ billions)



### Reduction of Stock Portfolios

(Aggregated figures of the three banks)

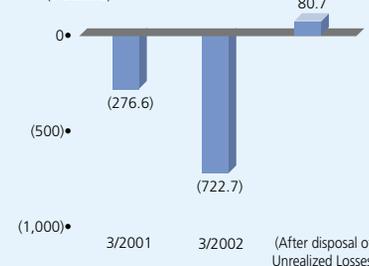
(¥ trillions)



### Change in Unrealized Gains and Losses

(Aggregated figures of the three banks)

(¥ billions)



## Overview of the Accounting Entry made through the Corporate Split and Merger Process

### Shareholders' Equity

	At March 31, 2002 (A) Aggregated Figures of the Three Banks	Accounting Entry made through the Corporate Split and Merger Process (B)	Billions of yen		
			After the Split and Merger Process (A)+(B)		
			Aggregated Figures of the Two Banks	MHCB	MHBK
Common Stock and Preferred Stocks	¥ 2,571.9	¥ (1,391.9)	¥ 1,180.0	¥ 710.0	¥ 470.0
Capital Surplus	2,247.2	(658.0)	1,589.1	655.2	933.9
Legal Reserve	343.5	—	343.5	207.7	135.7
Revaluation Reserve for Land, net of Taxes	531.2	(111.6)	419.5	110.3	309.2
Retained Earnings (Accumulated Deficit)	(85.7)	896.1	810.3	486.2	324.1
After Appropriation for Fiscal 2000	810.3	/	/	/	/
Net Loss, etc.	(896.1)	/	/	/	/
Net Unrealized Gains (Losses) on Other Securities, net of Taxes	(530.3)	536.1	5.7	(7.5)	13.3
<b>Total Shareholders' Equity</b>	<b>¥ 5,077.7</b>	<b>¥ (729.3)</b>	<b>¥ 4,348.4</b>	<b>¥ 2,161.9</b>	<b>¥ 2,186.4</b>

### Assets and Liabilities (for reference only)

Status of Assets and Liabilities after the split and merger process is as follows:

#### MHCB

Assets	
Cash and Due from Banks	¥ 7,436.4
Call Loans	736.5
Receivables under Resale Agreements	117.2
Other Debt Purchased	120.1
Trading Assets	3,724.5
Money Held in Trust	43.4
Securities	13,795.0
Loans and Bills Discounted	39,626.9
Foreign Exchange Assets	1,001.3
Other Assets	5,386.2
Premises and Equipment	316.7
Deferred Tax Assets	1,131.0
Customer's Liabilities for Acceptances and Guarantees	4,638.0
Reserve for Possible Losses on Loans	(970.8)
Reserve for Possible Losses on Securities	(2.4)
<b>Total</b>	<b>¥ 77,100.6</b>

#### MHBK

Assets	
Cash and Due from Banks	¥ 18,784.4
Call Loans	113.0
Other Debt Purchased	0.3
Trading Assets	1,622.9
Money Held in Trust	1.5
Securities	9,742.5
Loans and Bills Discounted	40,947.4
Foreign Exchange Assets	167.0
Other Assets	3,024.6
Premises and Equipment	1,256.0
Deferred Debenture Charges	4.0
Deferred Tax Assets	837.6
Customer's Liabilities for Acceptances and Guarantees	1,753.7
Reserve for Possible Losses on Loans	(718.6)
Reserve for Possible Losses on Securities	(97.4)
<b>Total</b>	<b>¥ 77,439.4</b>

Billions of yen

Liabilities	
Deposits	¥ 33,538.7
Negotiable Certificates of Deposit	6,733.1
Debentures	9,350.7
Call Money	4,616.4
Payables under Repurchase Agreements	2,064.5
Bills Sold	956.4
Commercial Paper	194.5
Trading Liabilities	2,486.0
Borrowed Money	3,117.4
Foreign Exchange Liabilities	728.6
Bonds and Notes	653.1
Other Liabilities	5,636.7
Reserve for Bonus Payments	3.4
Reserve for Employee Retirement Benefits	9.9
Reserve for Contingencies	134.2
Deferred Tax Liabilities for Revaluation Reserve for Land	68.8
Acceptances and Guarantees	4,638.0
<b>Total</b>	<b>¥ 74,931.0</b>
<b>Total Shareholders' Equity</b>	<b>¥ 2,169.5</b>

Billions of Yen

Liabilities	
Deposits	¥ 52,528.1
Negotiable Certificates of Deposit	4,520.0
Debentures	6,101.7
Call Money	2,820.6
Payables under Repurchase Agreements	330.4
Bills Sold	984.3
Commercial Paper	235.0
Trading Liabilities	1,041.7
Borrowed Money	1,635.6
Foreign Exchange Liabilities	8.0
Other Liabilities	2,988.1
Reserve for Bonus Payments	10.6
Reserve for Employee Retirement Benefits	30.9
Reserve for Possible Losses on Loans Sold	48.2
Reserve for Possible Losses on Support of Specific Borrowers	32.4
Deferred Tax Liabilities for Revaluation Reserve for Land	196.5
Acceptances and Guarantees	1,753.7
<b>Total</b>	<b>¥ 75,266.3</b>
<b>Total Shareholders' Equity</b>	<b>¥ 2,173.1</b>

Note: The balances are provided for information purposes and therefore differ from those for financial reporting purposes in certain aspects such as other securities valued at cost.

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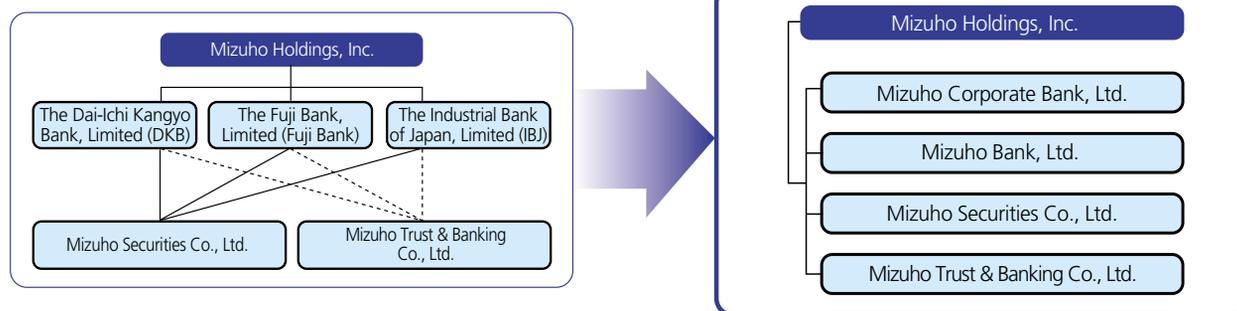
<b>14</b>	<b><i>Management and Business Strategy of Mizuho</i></b>	
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### ● Launch of Legally Separate Subsidiaries Based on Customer Segments and Business Lines

On April 1, 2002, through the corporate split and merger process, the Mizuho Financial Group (MHFG) consolidated and reorganized the operations of DKB, Fuji Bank and IBI into Mizuho Corporate Bank (MHCB) and Mizuho Bank (MHBK) under Mizuho Holdings (MHHD). MHCB primarily serves large corporations, financial institutions and their group companies, public sector entities, and overseas corporations including subsidiaries of Japanese companies. MHBK's customer base mainly consists of individuals, domestic small and medium-sized, and middle market enterprises, and local governments. Mizuho Securities (MHSC) and Mizuho Trust & Banking (MHTB) also became direct subsidiaries of MHHD through corporate splits, whereby a new organization centered on four core subsidiaries was created.

We have adopted the above structure to become a comprehensive financial services group that offers accurate and rapid responses to customer requirements by ensuring that group companies enhance their expertise and provide high value-added financial services on the one hand, and reinforcing synergistic cooperation among group companies on the other. In this way, we have realized the most desirable business model in light of the scope and scale of our business, allowing ourselves greater flexibility and mobility in dealing with changes in economic, financial and market structures and other elements of the business environment.

#### ● The Consolidation and Reorganization on April 1, 2002



### ● MHFG's Vision and Management Goals

We have established the following management goals as a means of realizing our future concept of becoming an innovative financial services group that will lead the new era through cutting-edge, comprehensive financial services.

- One of the top five global banks and the leading financial institution in Japan.
- A top financial group in terms of customer satisfaction.
- A front-runner in information technology (IT) and financial technology (FT).
- No. 1 in domestic commercial banking.
- A market leader in the securities business and investment banking.
- A top-class institution in the trust, asset management and settlement businesses.
- A management structure with best practices.

Since the founding of MHFG, we have been striving to create a group brand, and in October of 2001 we announced our brand logo.

Going forward, we will use this in our various communication activities with the aim of spreading Mizuho's brand.

### ● Brand Logo

The new brand logo of MHFG is a simple yet sophisticated logotype in blue underscored by a striking red arc. The arc represents the sun rising over the horizon.



### ● Brand Colors

The two colors used in our new identity were created specially for MHFG. Cosmic blue, as used in the logotype, symbolizes reliability, integrity, world scale and quality. Horizon red, used for the arc, represents the warm relationships between MHFG and its customers, as well as humanity and passion.

The new logo therefore represents our employees' commitment and passion in everything they do.

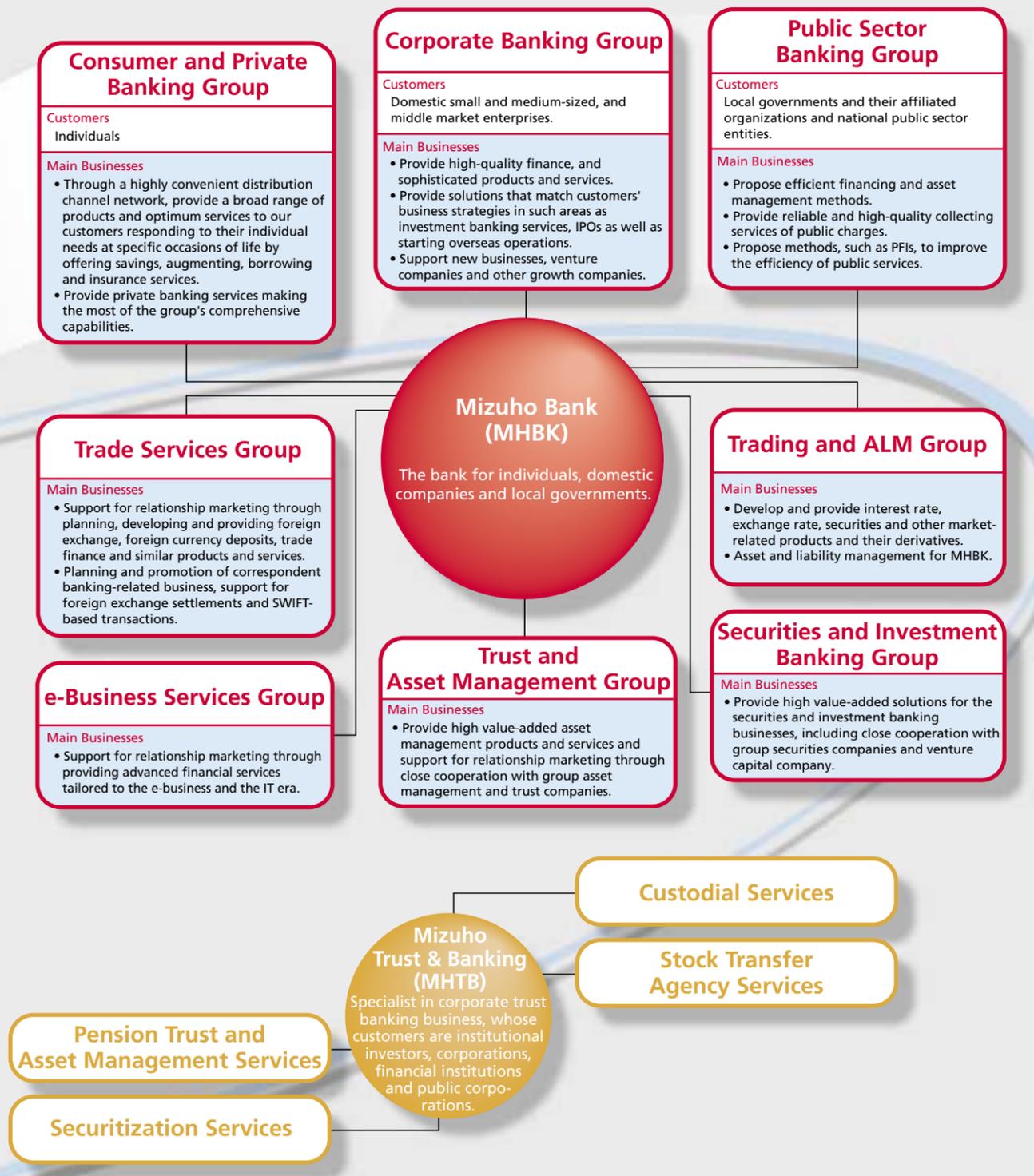
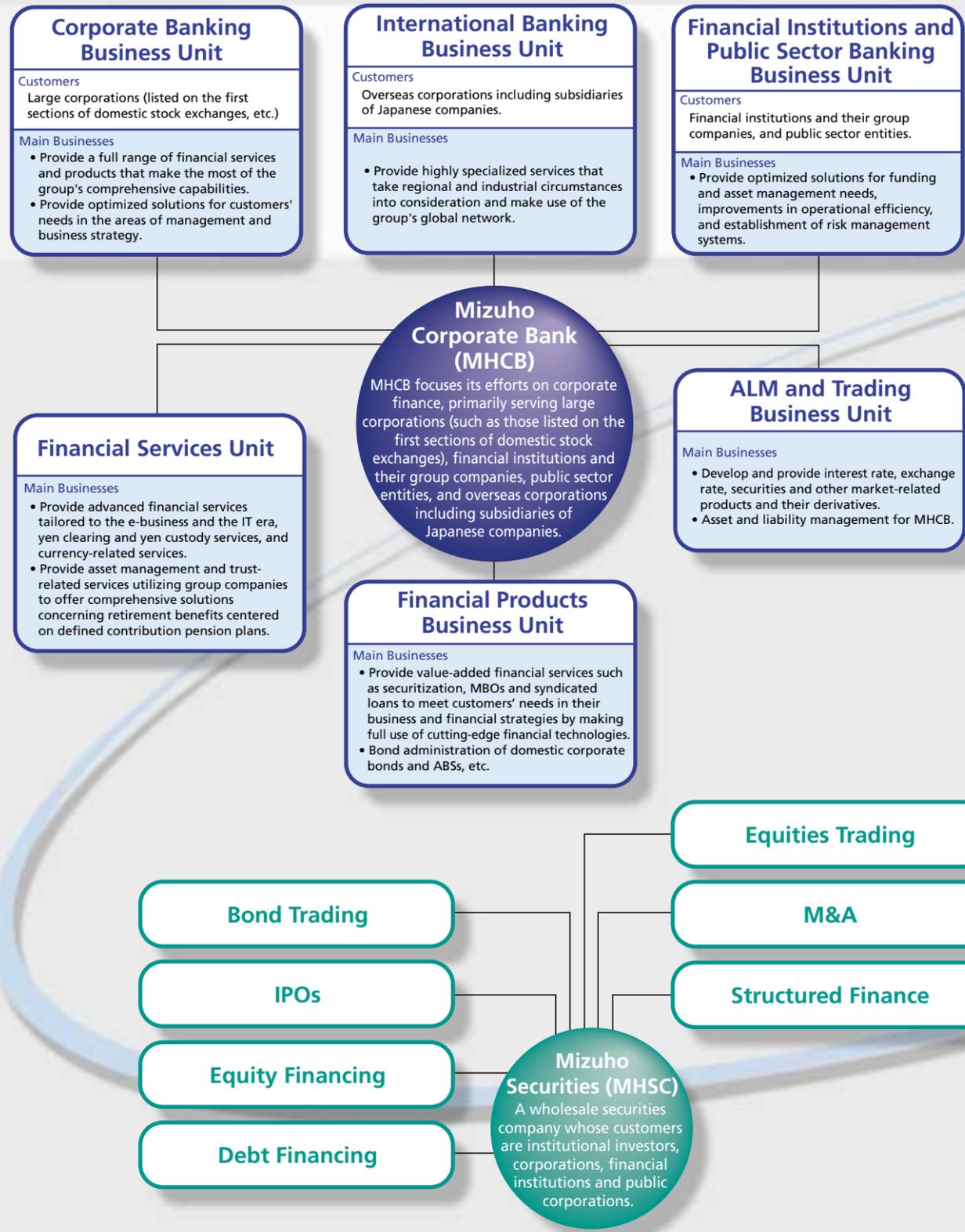


Mizuho Cosmic Blue

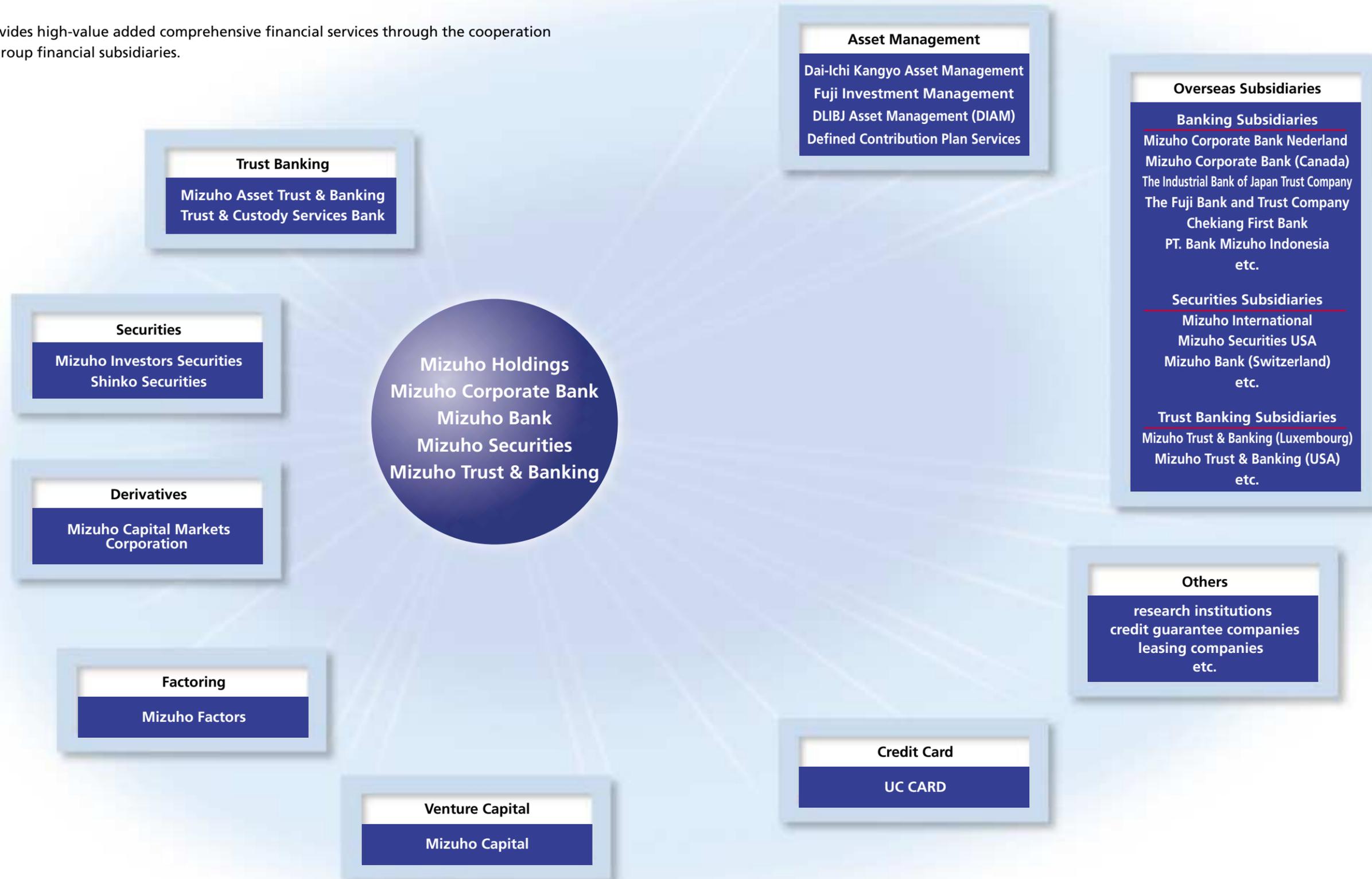


Mizuho Horizon Red

MHFG aims to become a comprehensive financial services group that offers accurate and rapid responses to diverse needs of customers by ensuring that group companies enhance their expertise and provide high value-added financial services while reinforcing cooperation among group companies.



MHFG provides high-value added comprehensive financial services through the cooperation of major group financial subsidiaries.





**Hiroshi Saito**  
President & CEO,  
Mizuho Corporate Bank

*A Message from the President & CEO of  
Mizuho Corporate Bank*

**Aiming to Become “The Best Solutions  
Provider” that Uses State-of-the-art Financial  
and Information Technologies**

● **Introduction**

I would like to start by thanking our shareholders and customers for your continued support. Mizuho Corporate Bank was established as a member of the Mizuho Financial Group, the world's largest financial group, on April 2002 to serve large corporations, financial institutions and their group companies, public sector entities and overseas corporations including subsidiaries of Japanese corporations.

First, I wish to express my heartfelt apologies for the great inconvenience and concern we caused by allowing the computer systems problems, which delayed automatic debit transactions and other transactions in Japan at the time of the launching of the Bank. We have made sincere and wholehearted efforts to make amends for causing difficulties for our customers. All our employees from top management down are united in an all-out effort to prevent any recurrence of such problems, moving quickly to adopt appropriate preventative measures and working to ensure much higher levels of stability in our systems and operations management. We will also continue our endeavors to regain the confidence of our customers by offering them even better services.

● **Our Objectives and Basic Strategies**

As a result of a rise in bankruptcies and the weakness in the stock market, financial institutions face an increasingly severe environment. Progress in consolidating and reorganizing major Japanese financial institutions is also exacerbating competition. To cope with this situation, we aim to respond quickly and precisely to our customers' increasingly diverse and sophisticated financial and restructuring needs by becoming the best solutions provider that uses state-of-the-art financial and information technologies.

We have therefore adopted the following two basic strategies.

- We will strengthen our customer base by pursuing a relationship management (RM) strategy centered on the solutions business.
- We will implement strategic portfolio management.

In pursuing our RM strategy centered on the solutions business, we give the highest priority to strengthening our products and global businesses. In the products business, we use

our research capabilities to identify the management issues our customers face in the early stages and use our products to develop flexible solutions based thereon. We offer products that focus on asset sales, securitization, corporate split, M&A and other aspects of business restructuring, and aim to support customers as a partner in corporate recovery and restructuring. We also intend to boost our non-interest income by strengthening our commissions business in areas like advisory services, structuring business and cash management services.

In the area of global business, we have introduced an overseas regional headquarters system and taken bold steps to delegate authority to local entities so that we can offer highly specialized, locally oriented services that better satisfy our customers' global financial requirements. We provide customers with powerful support for their overseas expansion plans by offering project finance, trade finance, local currency transaction and other services backed by our advanced financial technology and know-how through our global network of 18 domestic offices and 75 overseas offices.

In the area of strategic portfolio management, we believe it is essential to compress our balance sheet to the maximum extent possible. We are reducing our assets by way of stock sales and asset securitization. In the process, we will strengthen our distribution capabilities for institutional investors, and work on realizing a business model based on asset turnover and non-asset-dependent arrangement services.

Our pursuit of these two basic strategies is designed to transform our business model by switching from conventional stock-based management to business flow-based management. We firmly believe that transforming our business model will ultimately lead to an upgrade in our credit rating and put us firmly on track to become the premier professional bank in the Japanese and international corporate finance markets, providing the best solutions that truly satisfy the needs of our customers.

## ● Conclusion

Taking to heart the lessons we have learned from the above mentioned problems in our domestic services, we will make every effort to restore customer confidence through working actively on the reform of the management to realize "customer-first," "speedy," and "open" management. Based on our keen awareness that reforming our corporate culture is an important management challenge, we will work to establish a new corporate ethos, adopting a fair and transparent evaluation system that will help create an organizational climate that offers attractive and rewarding job opportunities.

We stand ready and determined to regain our customers' confidence and improve our performance by not only reliably fulfilling our duties, but also focusing the overall capabilities of group companies on providing the highest quality financial services to satisfy our customers' increasingly complex needs. We look forward to the continuing support of our shareholders and customers in these endeavors.

July 2002



Hiroshi Saito  
President & CEO, Mizuho Corporate Bank

## ■ Corporate Banking Business Unit

### ● Basic Strategy

- 1) Build an enhanced full-line service menu that makes the most of the capabilities of MHFG.
- 2) Serve as a partner in building new businesses and management structures by taking an active role in supporting customers with their strategic management and business needs through optimized solutions.
- 3) Provide innovative financial services through the application of cutting-edge IT and FT.
- 4) Create a strategic portfolio based on a high level of managerial know-how.

### ● Enhance a Full Range of Services based on Close Group Cooperation

The Corporate Banking Business Unit (BU) serves primarily large Japanese corporations, amounting to around 70% of all listed companies in Japan, and their group companies. We make use of the specialist functions of MHFG companies and the group's network of offices in Japan and overseas to offer optimized solutions for these large corporations' advanced and sophisticated needs.

#### Development of One to One Marketing with the Responsibility for Total Relationship Management

This BU deploys corporate finance professionals with advanced knowledge of the field at 43 business promotion divisions in 18 offices that exclusively serve customers throughout Japan, where they engage in "one to one marketing" activities carefully tailored to the needs of individual corporate customers. By coordinating the financial services and capabilities of group companies such as MHBK, MHSC and MHTB, we are able to offer optimum solutions for our customers' increasingly complex and sophisticated requirements.

More specifically, we not only provide loans but also provide a wide range of high value-added financial services that are carefully coordinated through cooperation of specialist financial capabilities of the group. Such services include high-value financing that uses off-balance sheet schemes such as asset securitization, investment banking (M&A, MBO finance, project finance, etc.) as well as syndicated loans, derivatives, fund settlements, corporate retail (services for corporate customers' employees), and stock transfer agency.

As the liaison between large corporations and MHFG, this BU represents the group through its responsibility for total relationship management (RM).

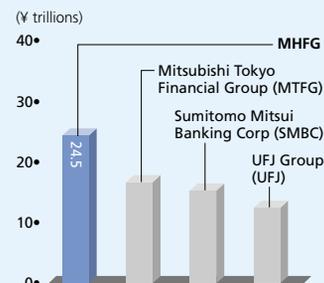
#### Provide Advanced Finance that Utilizes Our Customer Base and Sophisticated, Specialized Financial Functions

In recent years, the corporate finance sector has experienced a rapid expansion in market-oriented and indirect finance tools such as syndicated loans. 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.

We have already secured a place as the market leader in arranging domestic syndi-

### Loans to Large Corporations

(Aggregated figures of the three banks; as of March 31, 2002)



Source: Preliminary financial results for fiscal 2001. Researched by MHH

cated loans with a market share of 44% of the total (aggregated percentage of Dai-ichi Kangyo Bank, Fuji Bank and Industrial Bank of Japan (the three banks) for fiscal 2001). Further sharp expansion is expected in the syndicated loan business, and we are working on strengthening our transactions in this area through our customer base, which is the largest of any Japanese financial group, and our extensive network of institutional investors, including financial institutions.

We also have an excellent reputation in areas like asset/liability securitization and structured finance, where high-level arrangement capabilities are required. Drawing on the specialist skills of MHSC and other group companies, we offer a wide range of advanced financing schemes.

#### **Provide Financial Services through the Application of Cutting-Edge IT**

We have launched our new Internet-based Mizuho Advanced Cash Management Service (CMS) and Global CMS. Through our advanced cash management networks, we support customers in improving their financial efficiency and assist them with managing their group accounts on a consolidated basis. We are also working actively to expand our IT-based business infrastructure, using trade finance electronic data interchange (EDI) and the electronic commerce infrastructure.

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

This BU has a section which surveys trends by industry in Japan and overseas called the Industry Research Division. Making the most of these specialist functions enables us to provide customers solutions that fit in with their business strategies and management priorities by taking industrial trends and the business environment into consideration.

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

To support customers to realize their business strategies such as restructuring existing businesses and expanding business into new areas, we provide solutions including M&A advisory services as well as non-recourse loans, project finance and other forms of structured finance.

The need for financial restructuring through balance sheet controls and other measures is also increasing in line with changes in the consolidated accounting standards and the introduction of accounting standards for financial instruments, as well as greater emphasis on management issues such as focusing on cash flow and the enhancement of enterprise and shareholder value. To support customers to resolve these issues, we offer solutions for reduction of assets using asset securitization and other off-balance-sheet schemes, as well as for improving cash management and the efficiency of fund operations at group level.

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

~ Using the Know-How Accumulated through the Group's Powerful Global Network ~

We dynamically support the overseas business activities of our customers by providing an extensive range of locally-oriented services that are integrated seamlessly with their transactions in Japan. In particular, we are in a position to provide customers with optimized financial schemes in a timely manner utilizing our accurate information and

know-how pertaining to expanding business into foreign markets and overseas investments that we have accumulated through the group's overseas office network over many years.

We are able to provide all-round support functions, from advice on overseas market entry, merger contracts, business expansion and other matters pertaining to corporate structure, to investment promotion schemes and surveys on environmental factors such as legal and taxation systems. As a result, we offer the best possible solutions for progressive customers in the areas of globalization, cross-border strategies and other complex issues.

### Support for Customers' Business Development in China

In recent years we have seen a major upsurge in our customers' need for assistance in developing their businesses in China. We are able to provide broad-ranging support through our branch network which is the largest of any Japanese bank, a strong past record and ample experience in advisory services. These enable us to provide high-level responses ranging from initial business development planning to upgrading local operations in China.

#### Global Syndicated Loan Arrangers

(Amounts arranged; aggregated figures of the three banks; January 1–December 31, 2001)

Ranking	Amount (US\$ million)
1	JP Morgan 252,196.0
2	Citigroup/Salomon Smith Barney 222,360.6
3	Bank of America 215,275.4
4	Deutsche Bank 86,059.9
<b>5</b>	<b>MHFG 67,171.8</b>
6	BankOne 66,140.2
7	Barclays Capital 63,562.2
8	ABN AMRO 49,810.1
9	BNP Paribas 46,618.7
10	FleetBoston 46,142.8
11	Wachovia Bank 44,304.4
12	Bank of Tokyo-Mitsubishi 44,204.8
13	CSFB (Credit Suisse First Boston) 39,921.4
14	Bank of Nova Scotia 38,074.8
15	Commerzbank 37,303.9
16	RBS (Royal Bank of Scotland) 34,850.0
17	HSBC (Hongkong Shanghai Banking Corp.) 33,663.9
18	SMBC 27,639.8
19	Bank of New York 25,797.5
20	Westdeutsche Landesbank 25,233.9

Source: IFR, January 5, 2002

#### Global Project Finance Arrangers

(Amounts arranged; aggregated figures of the three banks; January 1–December 31, 2001)

Ranking	Amount (US\$ million)	No. of Deals
1	Citigroup 15,512	54
2	Westdeutsche Landesbank 8,235	27
3	BNP Paribas 6,429	21
4	Societe Generale 5,301	17
5	CSFB (Credit Suisse First Boston) 4,742	8
6	JP Morgan 4,333	18
7	Dresdner Kleinwort Wasserstein 4,038	17
8	ABN AMRO 4,019	19
9	Deutsche Bank 3,623	14
10	Barclays Bank 3,612	18
<b>11</b>	<b>MHFG 3,187</b>	<b>20</b>
12	IntesaBci 2,621	5
13	Bank of America 2,282	13
14	Credit Lyonnais 2,019	12
15	Royal Bank of Scotland 1,911	16
16	Skandinaviska Enskilda Banken 1,582	2
17	Bank of Tokyo-Mitsubishi 1,573	11
18	Australia and New Zealand Banking Group 1,532	12
19	Santander Central Hispano 1,465	10
20	Credit Agricole Indosuez 1,366	10

Source: PFI, January 23, 2002

## International Banking Business Unit

### Basic Strategy

Using our powerful overseas network, we deliver best solutions to customers engaged in business at the global level.

- 1) Provide advanced financial products that satisfy customers' requirements.
- 2) Offer solutions that make the most of our strong past record and business base in overseas financial markets.
- 3) Utilize our overseas office network to offer multifaceted assistance for global businesses.

### Strategy for Asian Markets

Asia is our home ground. In addition to dealings with a large number of Japanese companies that have expanded their operations in the region, we work with major local companies and European and U.S. multinationals. We draw on our rich experience and advanced FT to provide high value-added services in specialized areas such as syndicated loans, project finance, trade finance and cash management. We aim to become the leading financial group in Asia by winning our customers' trust, and to contribute to the region's economic growth.

### Strategy for the American and European Markets

Our goal is to secure a top-tier position in the world's leading financial markets. We have deployed industrial sector-based professionals and specialists in products such as project finance, structured finance, leasing, securitization and derivatives in New York covering the Americas and London covering Europe, where they can give full rein to their expertise.

The U.S. is the world's largest and most advanced financial market, which we continue to see as a vitally important market. We are working hard to develop our busi-

ness activities there on the basis of our strong experience and past record, as well as our advanced financial technologies.

In Europe, the birth of the euro zone has further encouraged the ongoing trend towards cross border industrial restructuring and M&As. We support European businesses facing these developments, including companies in Central and Eastern Europe, by providing high value-added financial products such as derivatives, and the arrangement of MBOs.

### ● **Support for Japanese Companies entering Foreign Markets**

Our international office network serves as a powerful tool for providing Japanese companies with support for their overseas business strategies. Since Japanese companies continue to expand their business in Asia at a rapid pace, our offices in 25 major Asian cities, especially those in 10 cities on the Chinese mainland, are ideally placed to provide advisory services on expanding their businesses and highly specialized services. Among other things, our expert staff can provide advice on various forms of financing, settlement services, risk hedging, trade finance and other advanced financial and information services.

\* Please refer to page 163 for details of our overseas network.

### ● **Support for Non-Japanese Companies Expanding Their Business in Japan and Asia**

We are strengthening our support for U.S. and European multinationals expanding their business in Japan and Asia, devoting efforts to projects involving Fortune 500 companies that are opening up operations in Asia or sponsoring local corporations. As the financial group that knows Asia the best, we aim to become the "best partner" for companies in the region.

### ● **Products Business**

In order to be able to provide customers with leading-edge products, we are striving to strengthen our global products business. In the area of project finance, we have earned an excellent reputation in the markets for our work as a financial advisor and/or arranger in numerous projects. We have also served as the lead manager (arranger/agent) in many syndicated loan deals around the world, securing for ourselves a high ranking in the annual league tables of the world's leading banks.

## ■ **Financial Institutions and Public Sector Banking Business Unit**

### **Financial Institutions**

#### ● **Basic Strategy**

Offer optimized solutions for Japanese financial institutions' varied financial needs and management challenges.

#### ● **Responding to Financial Needs**

In order to respond with precision to the increasingly complex financial needs of financial institutions, we not only provide mainstay products such as bank debentures (sub-

scription bonds) but, in cooperation with group companies, also devise tailor-made investment trusts and devote considerable effort to formulating proposals for securitized products, which require sophisticated arrangement capabilities.

As the "best partner" for managing the assets of financial institutions, we provide a wide range of products and services and are involved in referrals in connection with arranging domestic syndicated loan deals, an area in which we boast a substantial share of the market.

### ● Development of the Solutions Business

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

More specifically, we provide management advice pertaining to mergers and consolidations of financial institutions and are actively engaged in drawing up proposals that contribute to the upgrading of credit and market risk management and the reinforcement and streamlining of asset portfolio management and other internal management systems.

To respond to the need for outsourcing as a way of improving operational efficiency, we devote considerable effort to providing assistance in managing securities and other assets, foreign exchange (yen) settlements, and foreign exchange (yen) clearing services for import/export and overseas remittances. In the defined contribution pension plan business, we also draw up proposals to provide convenient support services for participants.

### Public Sector Entities

#### ● Basic Strategy

- 1) Promote RM with customers that are special public corporations or authorized corporations, and administrative work associated with issues of public bonds.
- 2) Draw on MHFG's total resources to offer rapid and timely solutions to the increasingly diverse and sophisticated financial challenges that customers face as a result of institutional reforms and deregulation.

#### ● Responding to Funding Needs

~ Expand the Public Bond Business ~

Bond issues are an important source of funding for our customers among public corporations and governmental financial institutions. Since we have established 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 commission bank and underwriting of government-guaranteed bonds and publicly issued local government bonds surpasses that of other Japanese financial groups.

As a result of the reforms of the Fiscal Investment and Loan Program (FILP) that took place during last fiscal year, special public corporations and similar bodies have started placing greater emphasis on private financing, and a new type of access to market finance has emerged in the form of FILP agency bond issues. We were the first group

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

Number of Issues Entrusted (Fiscal 2001)



Mizuho's share:  
Approximately 75%  
(No.1 in the sector)

Number of Lead-manager Transactions



Mizuho's share\*:  
Approximately 42%  
(No.1 in the sector)

\*Number of transactions of MHSC

to complete preparations in readiness for this and achieved excellent results in fiscal 2001, the first year of such issues. In fiscal 2002, we expect the number of issues to increase markedly over the preceding year, and are working to establish ourselves as the market leader by continuing to strengthen our framework for handling these issues with a view to responding to customer needs faster and in a timelier manner.

## ● Development of the Solutions Business

As a result of the ongoing reforms of the FILP, special public corporations and administrative frameworks, the needs of public sector entities are rapidly diversifying. To satisfy these needs, we are proactively applying the research and advisory capabilities, and the cutting-edge financial technologies and know-how of the group in the areas such as assigning of ratings by rating agencies, preparations for privatization, and securitization of assets.

Looking ahead, we remain committed to providing the best quality financial services to meet the constantly changing needs of our customers.

## ■ ALM and Trading Business Unit

### ● Basic Strategy

- 1) Offer optimized solutions for customers' complex risk control requirements.
- 2) Comprehensive asset and liability management (ALM) through precise risk management and flexible operations for MHC.B.

### ● Market Operations: Sales and Trading

Our sales and trading team ranks among the largest of any Japanese bank and boasts an excellent past record. As the pillar of our business strategy in the investment banking business, it formulates various kinds of proposals concerning funding and fund management schemes and risk management for a wide range of customers, from corporations to institutional investors.

More specifically, it seeks to satisfy 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, it uses cutting-edge FT to devise a broad line-up of derivative products whose underlying assets include crude oil and other commodities, credit, weather and equities.

In order to provide these high-quality services, we have established a global system through our network linking the five key markets—Tokyo, New York, London, Singapore and Hong Kong. Here, we engage in market-making and trading in foreign exchange, currency options and interest rate swaps, based on a careful and detailed grasp of inter-market price movements and 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.

## 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, the program 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 guarantees of government by individual special public corporations and other governmental institutions in private sector financial markets.



Overseas Dealing Room



Using Advanced FT

**Financial Products Business Unit**

**Basic Strategy**

Centering on financing, develop and provide products and services to support customers' business and financial strategies by making use of cutting-edge financial technologies.

**Asset-Backed Securities Business for Customers**

Our excellent past record in handling ABCP and a wide range of other structured finance products puts us in the ideal position to support customers in realizing optimal 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 utilize the best technological capabilities in the business to support customers in optimizing financial strategies in the area of real estate assets, ranging from real estate non-recourse loans, support and advice on real estate development projects to handling accounting for impairment of fixed assets.

**Acquisition Finance Business**

Centered on MBOs, we support customers to build the most appropriate business portfolio for their needs through a "one-stop-service" structure embracing advisory, finance and investment services provided by our team of MBO professionals.

**Corporate Recovery Business**

We are one of the first Japanese banks to tackle debtor-in-possession financing (DIP financing) and aim to offer companies in the process of recovery with the most effective support available in this area.

**Syndication**

The syndication market in Japan has grown rapidly and was worth approximately ¥12 trillion in fiscal 2001, making it the third largest market in the world behind the U.S. and the U.K.

MHFG accounts for approximately 44% of the total for Japan (aggregated percentage of the three banks for 2001), and we have by far the best record in arrangement of domestic syndicated loans.

Looking ahead, we will make the most of our strong relationships with leading institutional investors at home and abroad to offer the best-priced solutions for customers' diversifying funding requirements.

**Bond Administration**

We have built up an overwhelming market position in bond administration services relating to corporate bonds and ABSs.

We will make full use of the best operational set-up in the business to provide customers with top-class services that satisfy their requirements.

*Glossary*

**Accounting for Impairment of Fixed Assets**

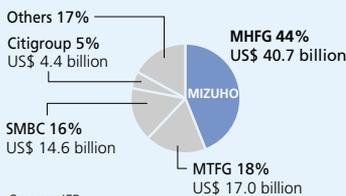
An accounting method that is being considered for application starting in fiscal 2005 by which the book value of a fixed asset is treated as a loss when it becomes impossible to expect recovery of the amount of initial investment due to the fall in the profitability of the fixed asset.

**DIP Financing (Debtor-in-possession Financing)**

A method of providing companies that have filed for bankruptcy protection with the working capital necessary to continue operations.

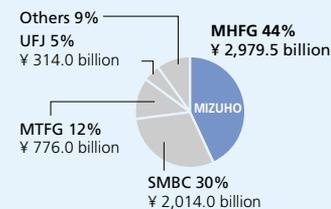
**Arrangement of Domestic Syndicated Loans**

(Amount arranged; aggregated figures of the three banks; January 1–December 31, 2001)



**Administration of Domestic Public Corporate Bonds**

(Aggregated figures of the three banks; fiscal 2001)



## Financial Services Unit

### Basic Strategy

- 1) Secure a position as a front-runner in the field of defined contribution pension plans.
- 2) Build up the yen clearing and yen custody businesses by centralizing settlement operations and using IT more extensively.
- 3) Increase efficiency of exchange-related business and expand operations insourcing business.
- 4) Expand sales of domestic and global CMS and establish a de facto standard for next-generation settlement business.

### Asset Management

#### Defined Contribution Pension Business and Asset Investment Solutions

We propose comprehensive solutions pertaining to retirement benefits centered on defined contribution pensions, providing pension consulting services and investment products, and support for participants through Defined Contribution Plan Services. We also arrange and sell privately placed investment trusts to our corporate customers and provide asset investment services through group companies.

#### Trust-Related Business

As an agent for MHTB, we provide trust products associated with pension trusts, asset investment, custodial services, stock transfer agency services and securitization through all our branches throughout Japan. We also provide master trust and other asset management services through the Trust & Custody Services Bank.

### Clearing & Settlement

Thanks to our solid customer base, we were the number one bank for foreign exchange yen clearing business (aggregated figures of the three banks for fiscal 2001). Against this background, we are working to increase our non-interest income by providing cutting-edge products and services associated with yen clearing services. Moreover, with our overwhelming market share as the top Japanese custodian bank with strengths in both stocks and bonds, we are leading the way in the reform of securities settlement systems in readiness for globalization, building the group's settlement system infrastructure that anticipates the shift to a shorter settlement cycle (T+1: settlement on the first business day after the transaction date).

### Foreign Exchange

We provide various solutions to our customers who wish to hedge foreign exchange risk. We have also established the trade finance EDI firm World Gateway together with trading companies and others with whom we have close business ties, and proactively support steps to improve the efficiency of customers' trade operations using computerized tools like Bolero and TEDI.

### e-Business

We provide Internet-based domestic and global CMS as a solution to customers' needs for more efficient cash management, which have grown rapidly in recent years. We are also strengthening cooperation and alliances with leading software vendors and other partners as part of our active efforts to engage in new sectors such as electronic certification and B2B business.

#### Custody and Foreign Exchange Yen Clearing Business

(Aggregated figures of the three banks; as of March 31, 2002)

##### Yen Custody Assets of Foreign Investors



Mizuho's share: 45%  
(No.1 among Japanese banks)

##### Number of Foreign Exchange (Yen Clearing) Agency Settlement Transactions



Mizuho's share: 32%  
(No.1 among Japanese banks)

#### Glossary

##### Securities Settlement System Reform

The Financial System Council of the Ministry of Finance and the Japan Securities Dealers Association (JSDA) studied the issue in 1999. The results of their deliberations form the basis of the system reform program now underway. The key features of this reform process are the introduction of DVP (Delivery versus Payment) settlements, whereby the securities and funds involved in a transaction are settled simultaneously, and T+1 settlements (settlement on the first business day after the transaction date).

##### 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 and TEDI as a means of strengthening our cross-border settlement capabilities.



Global CMS Web pages



**Tadashi Kudo**  
President & CEO,  
Mizuho Bank

*A Message from the President & CEO of Mizuho Bank*  
**Aiming to Become the Customer's Bank of  
Choice and Best Business Partner**

● **Introduction**

I would like to start by thanking 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, and middle market enterprises, and local governments. I would like to take this opportunity to thank our customers, shareholders and other stakeholders sincerely for their support and cooperation at this time.

First of all, I would like to express my deepest apologies for the computer systems problems in our domestic services including ATM services and delays in automatic debit transactions in connection with the launching of Mizuho Bank and Mizuho Corporate Bank in April 2002. We will make every effort to establish a preventative structure in order not to repeat similar problems. Further, we will work together to restore confidence in our bank and group through placing our “customer-first” objective in everyone in the group.

● **Our Strengths and Objectives**

Mizuho Bank started operations with three major advantages. First, we possess one of the largest domestic networks of any Japanese bank, and offer all-round banking services of the highest caliber in areas ranging from traditional commercial banking operations and support for overseas expansion through international banking operations to leading-edge securities and investment banking services. Second, we have many professionals who offer an extremely high degree of specialization. Third, we have the closest customer relationships of any bank in Japan. While exploiting these three advantages to the maximum, our aim is to overcome the challenges we face and realize our objectives: to become the customer's bank of choice and best business partner by providing comprehensive, high value-added financial services and achieving the highest levels of customer satisfaction.

● **Achieving Our Objectives**

We must address the following challenges in order to achieve our objectives.

The first is “placing the customer first and placing importance on business promotion at branches.” Taking advantage of our extensive network as the key point of contact with our customers, our entire staff will constantly do their best to satisfy our customers, providing

meticulously tailored services as a means of developing closer relationships with them. This, in turn, implies greater support for business promotion at branches, which constitute our principal interface with customers.

Second, we will establish high value-added management methods by maximizing the strengths of Mizuho Financial Group and Mizuho Bank. In addition to rigorous efforts to strengthen the business sectors where we can attain top position, we will increase cooperation among our group companies and work even harder to grow our cutting-edge solutions businesses in areas such as securities and investment banking.

Third, we will pursue greater management efficiency through bold, speedy and aggressive management restructuring. We will endeavor to increase the management efficiency of our branches as well as administrative divisions at head office while speeding up non-performing loan disposals and providing customers with stronger support for corporate recovery. We will also increase our loan spreads which reflect the credit risk of our borrowers.

Fourth, we will establish a corporate culture that encourages taking on challenges, and train human resources with a high degree of specialization. In addition to building a multifaceted framework for fostering human resources, we will reinforce employees' knowledge and upgrade their skills in areas such as solutions businesses.

### ● Satisfur Customers

I would now like to touch on our concrete strategies.

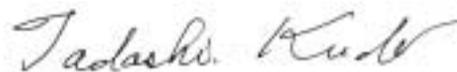
For our individual customers, we will offer products and services that are tailored to their diversified financial needs, expand a more convenient channel network, and take advantage of the group's comprehensive capabilities to provide high-quality private banking services.

For our corporate customers, we will provide cutting-edge solutions that match their specific business and financial strategies in areas such as high-quality funding and investment banking business, syndicated loans, derivatives, IPOs and support for overseas expansion. We will also focus on supporting new businesses, venture companies and other growth companies.

As for our local government customers, we will offer and implement proposals for satisfying the increasingly diverse and sophisticated challenges they face as a result of institutional reforms and deregulation. These proposals will cover efficient financing and asset management methods and measures to increase the efficiency of public services, such as PFIs, through drawing on our nationwide branch network and our high-level securities-related services and state-of-the-art financial technology.

Everyone from senior executive officers to each and every employee will work together to restore confidence in Mizuho Bank and the Mizuho Financial Group. We look forward to the continuing support of our shareholders and customers.

July 2002



**Tadashi Kudo**  
President & CEO, Mizuho Bank

## Consumer and Private Banking Group

### Basic Strategy

Our goal is to become the customer's bank of choice by fully satisfying them throughout their lives.

- 1) Promote and reinforce relationship marketing (RM).
  - We will make a thoroughgoing effort to satisfy customers by creating a business promotion structure that can provide the best products and services for each individual, and identify and respond to their needs quickly and accurately.
- 2) Focusing on selected strategic markets.
  - We will establish our competitive advantage by reinforcing our approach to business areas where we have secured strength, such as housing loans, corporate retail business, *Takarakuji* lottery tickets and new areas such as insurance.
- 3) Realize greater efficiency in marketing.
  - We will expand our ATM and remote channel networks to increase convenience while simultaneously raising the efficiency of in-house operations by cutting costs.

### Providing High-Value-Added Services through Relationship Marketing

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

In April 2002, we started offering a new membership service called the Mizuho Value Program. The program is designed to support and satisfy customers throughout their lives by fulfilling the varied needs of their life stages or life styles. Currently we have approximately 6.4 million highly satisfied members in this program, which is also the most efficient and effective communication tool with them, and we recognize this as one of our strengths.

#### Databases

We will continue to expand databases that can be accessed and additional data can be accumulated into through various channels by collecting and accumulating various kinds of customer information. At the same time, we will make use of the information extrapolated from our databases to ensure that our business structure provides individual customers the best possible responses and services.

#### Private Banking

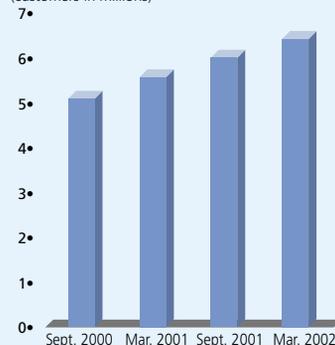
We will strengthen our ties of trust with customers in order to become their partners into the next generation by satisfying their diverse needs.

Our highly experienced and specialized staff will offer global economic and financial information on a timely basis. We will also provide tailored asset management and administration services, including products and services that make the most of the group's comprehensive capabilities in areas such as securities, trusts, overseas investments and real estate.

#### Number of Customers Utilizing Membership-Style Banking Services

(Aggregated figures of the three banks)

(customers in millions)



In cooperation with lawyers, tax accountants, accountants and other specialists, we will work together with customers to devise asset preservation and inheritance plans to deal with one of life's most important themes—the smooth succession of assets and businesses built up over many years to the next generation in accordance with each individual customer's wishes.

## ● Providing Products and Services Tailored to the Customer's Stage in Life

### Asset Management Advisory Services

~ From yen deposit and bank debentures to foreign currency deposits and investment trusts ~

To cope with the removal of the deposit guarantee in April 2002, we have been working to create a range of high-quality products to satisfy the increasingly diversified needs of customers. We have also expanded our force of highly trained specialized staff to provide asset management advisory services that extend from portfolio proposals to after-care that fit perfectly with individual customers' life plans.

### Housing Loans

We offer an extensive range of housing loans to match the house ownership plans of customers, and all of these products feature a high degree of flexibility, allowing customers to specify repayment amounts according to their stage in life as well as choose from three interest methods. We will establish a framework that will allow us to provide customers with speedier, more appropriate advice by strengthening cooperation between our nationwide chain of full-service branches and housing loan business promotion centers, and real estate companies.

### Retail Business Aimed at Corporate Employees

One of our strengths is our corporate customer base. Drawing on our years of specialist know-how and the wide range of loan and asset-formation products we provide and by cooperating with group companies, we will meet corporate management needs associated with in-house administrative rationalization and employee benefits, and corporate employees' needs for more convenient services to them.

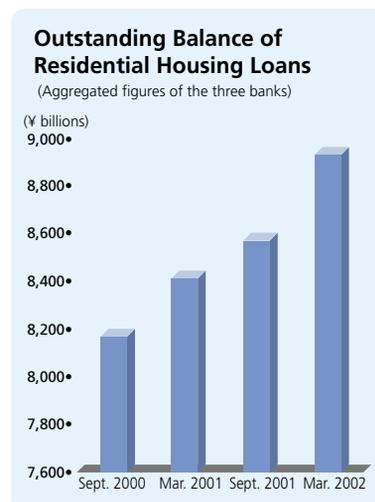
### Card Business

The three credit card companies of the three banks have integrated their operations with those of UC CARD. UC CARD now serves as the group's comprehensive credit card company, serving customers of group companies while working proactively to develop new markets.

### 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 April 1, 2002, we had ATMs in approximately 5,700 locations, including joint-use ATMs established through tie-up agreements with convenience stores, and are actively working to expand this network.

Already, approximately three million people use our telephone and Internet banking services, and we are proactively developing original new services such as sales of



Mizuho UC Cards



PDA Banking Screen

*Takarakuji* lottery tickets, advanced settlement services and PDA (Personal Digital Assistants) banking services. We have also led the way in starting a new service called *Pay-easy* which allows customers to pay taxes and utility charges using ATMs and the Internet.

### **Takarakuji Lotteries**

We have been entrusted with operation of *Takarakuji* lotteries by all prefectures and 12 designated cities in Japan. As the "*Takarakuji* Bank," we shall respond to customers' needs by making the most of our nationwide network of full-service branches, further increasing the number of sales outlets of *Takarakuji* lottery tickets, and developing sales through new sales channels such as ATMs and the Internet.

## **Corporate Banking Group**

### **Basic Strategy**

Promote solutions business.

~ Aiming to become our customers' strategic partner ~

- 1) Provide ample funds to SMEs, which are the backbone of the Japanese economy.
- 2) Reinforce our capabilities for finding solutions to customers' management issues and make strategic use of IT.
- 3) Provide high value-added services by maximizing the strengths of MHFG and MHBK.
- 4) Build an efficient, high-quality business promotion structure.

### **Proactive Response to Healthy Demand for Funds of SMEs**

#### **Respond Positively to Financing Needs**

As the "best partner" of SMEs that are the backbone of the Japanese economy, we will serve our customers as a reliable source of smooth and stable funds to meet sound financing needs.

#### **Develop New Markets and Customers Base**

A staff of 500 will work exclusively to attract new customers and expand the customer base among successful SMEs.

### **Reinforce Solutions Capabilities and Make Strategic Use of IT**

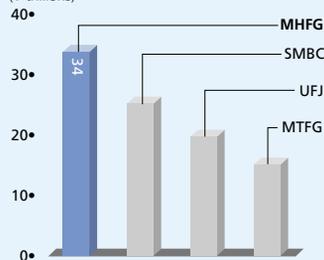
#### **Reinforce Solutions Capabilities**

We will further strengthen our head office support framework for branches in concert with business and industrial research sections. This effort is designed to provide customers with cutting-edge solutions that match their specific business and financial strategies in areas such as the investment banking business, syndicated loans, derivatives, assistance with IPOs, support for overseas expansion and corporate recovery.

### **Loans to Domestic SMEs**

(Aggregated figures of the three banks; as of March 31, 2002)

(¥ trillions)



Source: Preliminary financial results for fiscal 2001 (comparison of outstanding loans to SMEs after subtracting outstanding consumer loans)

### **Use IT to Provide a Rapid Response to Customers' Requirements**

We have inaugurated the Mizuho Business Mall, a service for providing timely responses in the form of information that matches individual customer requirements through two-way communications via the Internet.

The service draws on our strengths in IT to provide customers with the desired information directly through a special customizable Web site. The information covers not only market information such as interest and foreign exchange rates, but also international affairs, personnel and labor issues and other thorough management and business information. Dedicated head office sections and business promotion sections are also able to respond quickly to inquiries that customers submit via the Internet.

### **● Provide High Value-Added Services by Maximizing the Strengths of MHFG and MHBK**

#### **Investment Banking Business**

In areas such as M&A and MBOs, specialist sections at head office provide support for branches and, in cooperation with group companies such as MHSC and Mizuho Corporate Advisory, offer rapid and appropriate responses to customers with business restructuring requirements.

In the area of structured finance, including securitization of sales credits, non-recourse real estate loans and acquisition finance, we have an integrated operational set-up staffed by specialists who offer various finance schemes and develop products to satisfy customers' needs in connection with off-balance sheet transactions and financial restructuring.

#### **Syndicated Loans**

MHFG leads in arranging syndicated loans in the Japanese market with a 44% share (aggregate percentage of the three banks for 2001), and is also the top Japanese bank in the field overseas. We are expanding our personnel resources to strengthen our business with domestic SMEs as a market leader.

#### **Support for New Businesses and Venture Companies**

We are reinforcing our support structure for companies that promise future growth in new businesses such as data communications and multimedia, and new markets such as the environment, medical treatment and welfare in which they progress original technologies. More specifically, we are strengthening our deployment of specialist staff who are responsible for such companies. We also respond proactively to the funding needs of new businesses and provide financial advice and corporate management support. These initiatives include study groups, seminars, the provision of information to support management and other services that make use of the group's broad customer base.

We respond to IPO needs through our IPO support team, which offers listing support and capital policy advisory services. We also provide further integrated, high value-added services through multi-faceted collaboration with other companies within MHFG such as investment in stocks by Mizuho Capital, the leading bank-affiliated venture capital company and one of the top domestic companies in the field, whose investment balance into venture companies is ¥60.3 billion as of March 31, 2002, MHSC,

which engages in underwriting and selling stocks, and Mizuho Investors Securities and Shinko Securities, both of which sell stocks to individual shareholders.

#### **Transactions with Overseas Subsidiaries of Japanese Corporations**

We have established a head office support team that actively specializes in supporting customers with their global business activities in cooperation with MHCB. We are particularly keen to strengthen our deployment of specialist staff to engage in various kinds of advisory services in Asia, especially China.

#### **Corporate Recovery**

We devise appropriate recovery solutions for companies endeavoring to continue their businesses through business and financial restructuring. During 2001, we worked with the Development Bank of Japan in setting up Japan's first DIP financing for a failed company that was seeking funds to reorganize itself. We intend to do more along these lines in the future.

### **● Build an Efficient, High-Quality Operating Structure**

We have adopted a strategic, active approach to small businesses. More specifically, we are developing the Practical Automatic Credit Evaluation System based on a scoring model as part of our proactive response to the financing needs of small and medium-sized enterprises. We will further enhance and expand the organization of our Business Finance Center, which has sophisticated loan officers. The center specializes in direct marketing via telephone, facsimile, direct mail and other means, centered on loans guaranteed by the Credit Guarantee Corporation.

In order to strengthen our capabilities in the area of business with small businesses, we are not only expanding our in-house training and qualification schemes, but also dispatching personnel to outside companies on a temporary basis. Our aim is to develop human resources with a high degree of specialization in the corporate banking market and the ability to formulate proposals for sophisticated solutions.

## **Public Sector Banking Group**

### **● Basic Strategy**

Based on the following characteristics and strengths, we will offer timely and appropriate solutions to the increasingly diverse and sophisticated challenges that customers face as a result of institutional reforms and deregulation.

- 1) Branch network services covering all of Japan.
- 2) Offer securities-related services and top-quality financial services using state-of-the-art FT.

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

The devolution of authority from the national to the local level has increased the importance of the roles played by local governments and the fiscal measures that they implement. Efforts now focus on developing and establishing simple, efficient administrative structures capable of dealing with new administrative issues and responding to

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#### *Glossary*

##### **DIP Financing**

Please refer to page 28.

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 will actively provide financial services designed to contribute to efficiency improvements in local government, arranging PFIs and introducing electronic payment systems for public charges.

We are currently the designated financial institution for 35 local governments, most of which are based in the Tokyo metropolitan area. We are determined to fulfill the expectations of these customers by maintaining and enhancing our reliable, high-quality administrative services. Our network comprises a nationwide chain of full-service branches, more than 5,000 automated outlets including ATMs in convenience stores and an Internet branch. We use these resources to provide finely tuned financial services to meet the needs of local governments and related organizations throughout Japan.

### ● Proactive Response to Needs Arising Out of FILP and Special Public Corporation Reforms

As progress is made in reforming the FILP, reorganizing national governmental 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 institutions, privatized or closed and consolidated. We stand ready at all times to offer high-level services that bring together our group research and advisory capabilities, FT and expertise.

## ■ Trading and ALM Group

### ● Basic Strategy

- 1) Offer products and services that respond to increasingly diverse, sophisticated customer needs.
- 2) Develop an extensive range of new products using our advanced FT and sophisticated systems.
- 3) Precise, flexible ALM operations for MHBK.

### ● Market Operations: Sales and Trading

Amidst the massive changes taking place in the environment in which companies operate, customers' financial risk control requirements are constantly increasing in sophistication and complexity. Starting with foreign exchange, CP and other financial products, we are strengthening our range of new products that use state-of-the-art FT, such as weather and commodity derivatives, as well as more conventional interest and exchange rate derivatives. At the same time, we are working to satisfy the precise needs of our broad customer base by deploying highly specialized area sales teams to cover our nationwide branch network and offer the best possible solutions.

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#### Glossary

##### Reform of the FILP

Please refer to page 27.



Dealing Room



Using Advanced FT

### ● **Banking Operations: ALM**

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

## ■ **Securities and Investment Banking Group**

### ● **Basic Strategy**

Offer high value-added solutions for the securities and investment banking business in close cooperation with our various sections, group securities companies and a venture capital company.

### ● **Securities Business**

In addition to offering solutions that utilize corporate bonds, we employ the underwriting capabilities of MHSC and its overseas securities subsidiaries to provide domestic SMEs with support through issues of private and public bonds, foreign bonds, equities, collateralized bond obligations and collateralized loan obligations.

We also draw on our group's comprehensive capabilities to provide integrated, high value-added services to growing companies that plan to go public. These capabilities include advice from MHBK, MHSC and other group companies, investments through the group's venture capital company, Mizuho Capital, underwriting and sales of equities by MHSC, and sales of equities to individual shareholders by Mizuho Investors Securities and Shinko Securities.

### ● **Investment Banking Business**

In the investment banking business, professional staff specializing in SMEs make use of advanced financial technologies such as M&A and structured finance including various forms of securitization and liquidation, and MBO financing to provide suitable responses to customers' increasingly sophisticated and complex requirements in the area of business and financial strategies. In doing so, we also work closely with MHSC and other group companies.

### ● **Responding to Asset Management Needs**

To meet customers' wide-ranging asset management needs in areas such as equities, bonds and foreign bonds, we offer high-quality products and services in close and flexible cooperation with MHSC, with its powerful underwriting and product arrangement capabilities, and Mizuho Investors Securities and Shinko Securities, with their extensive branch networks. We also offer "one-stop" banking and securities services through branches operated jointly with Mizuho Investors Securities.

## Trust and Asset Management Group

### Basic Strategy

- 1) Provide consulting services to enable customers to construct the best asset mix of their portfolio; offer attractive investment products such as investment trusts, with reliable quality control.
- 2) Meet customers' longer-term requirements through products and services ranging from feasibility studies on defined contribution pension plans to their introduction and administration.
- 3) Offer more far-reaching solutions to customers' investment trust requirements following the start of our operations as a franchise in trust services.

### Investment Trusts

The extensive Mizuho Fund Collection is designed to respond to customers' increasing diverse and sophisticated asset management needs. To help customers with their long-term asset formation plans, we also provide advice on asset allocation according to their 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 provide extensive support in connection with pension asset formation. For corporate customers looking at the introduction of defined contribution plans, this extends from feasibility studies and scheme design through to actual administration following introduction. For individual customers, we started offering the Mizuho Personal Pension Plan in April 2002. Since our affiliated asset management companies also offer a wide range of investment products, we are channeling our total resources and capabilities into becoming a front runner in the Japanese defined contribution pension market.

### Trust Services

We started our operations as a franchise in trust services for MHTB in April 2002. Using the stronger group marketing capabilities that have resulted from the fusion of MHBK's business promotion functions and MHTB's highly-specialized trust functions, we are working to deliver more in-depth solutions to satisfy customers' increasingly diverse and sophisticated requirements in the area of trust business.



Screen Shot of MHBK's M-PAS Portfolio Proposal System

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#### Glossary

##### Franchise System in Trust Services

Business in which a financial institution, which becomes a franchise in response to consignment of a trust bank, introduces a customer to the trust bank after giving the customer an explanation of its products.

*Glossary*

**Ubiquitous Networks**

"Ubiquitous" is derived from the Latin for "omnipresence" or "to be everywhere." Today, it is used in digital networking circles in reference to the new infrastructure created by the linkage between mobile phones, car navigation systems, TV game consoles and other portable information devices, optical fiber and ADSL.

**VOIP (Voice Over Internet Protocol)**

Originally, voice and data transmissions were carried over separate telecommunications circuits. VOIP is an advanced technology that allows them to be sent together using protocol-compliant equipment attached to the Internet.

**e-Business Services Group**

**Basic Strategy**

- 1) Expand business based on new technologies such as account applications, broadband, Voice Over Internet Protocol (VOIP) and ubiquitous networks.
- 2) Provide low cost and high-quality services more promptly, including the possibility of strategic alliances.

**B2C (Business to Consumer) Business**

We are working towards the expansion of services that bring about more convenience to our customers. These services are for example, debit cards, which can be used in various settlement situations, and Internet banking, the number of users of which has dramatically increased in the last few years, and we expect further growth.

As for IC cards, we continue our challenge to develop their multi-functionality and make the provision of new services possible.

**B2B (Business to Business) Business**

Based on the advantage of having the largest customer base among all Japanese banks with regard to the domestic firm banking business, we do our utmost to develop and improve the line-up of our products to meet the needs of our customers.

More specifically, this means responding to various needs for both domestic and global cash management services and Web banking services for companies through the use of Internet technologies. We are also upgrading products that customers can use in all aspects of settlement, such as invoicing, payments and reconciliation of accounts receivable.

**Trade Services Group**

**Basic Strategy**

- 1) Promote improvement and efficiency of foreign exchange-related services, expand trade finance business.
- 2) Provide foreign currency deposit-related products and services that respond to customers' increasingly diverse investment needs.
- 3) Contribute to better convenience for customers by building a network of correspondent banks and strengthening our response to trade finance EDI.

**Foreign Exchange**

We worked to improve the quality of our various services in the area of foreign exchange transactions, and helped customers adjust smoothly to the switchover to the euro when the single currency was introduced in January 2002. We also started handling currency exchange transactions involving the Korean won in April 2002.

## ● Foreign Currency Deposits

In addition to conventional foreign currency time deposits, we have extended our product range by offering special foreign currency time deposit contracts for hedging against exchange risk within certain parameters. We have also started a foreign currency transfer service that allows two-way transfers between yen deposits and foreign savings deposits through ATMs using a single cash card. Our euro-denominated foreign currency deposits have been well-received by customers.

## ● Trade Finance

As the need for hedging against export risk 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.

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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 L/C (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 Mizuho Bank provides finance while group factoring company Mizuho Factors provides a final collection guarantee for deferred remittance export transactions.

### ■ Basic Strategy

MHSC aims to become the most powerful investment bank in Japan, providing the best possible solutions for the wide-ranging needs of its customers centered on domestic and overseas institutional investors, corporations, financial institutions and public institutions, in the areas of securities and investment banking. Our core businesses are debt, equities, M&A and structured finance and we compete with the big houses of Europe and the U.S. as a professional house that draws on advanced financial technologies to offer high value-added products and services at the global level.

### ■ Bond Trading

As a leader in the bond market, our operations are distinguished by the fact that we follow the basic principle of creating a bond house that is trusted by our customers. This governs our efforts to supply institutional investors in markets at home and overseas with products that suit their investment strategies, our proactive market making, and the high-quality information we offer.

We constantly achieve high rankings in Japanese government bond bids and as a member of the Meeting on the Japanese Government Bond Market, we are not only proactively involved in the market, but also account for around 10% of customer trades (fiscal 2001), which gives us a powerful presence in the secondary bond market.

In the structured finance business, we have deployed a specialist business promotion team to link customers with our product development divisions. By ensuring that customers' requirements are properly reflected in the product development process, this team is responsible to a very great extent for our overwhelming strength in this business. In the structured bonds business, where cutting-edge FT plays a major role, we cooperate with Mizuho International, our securities subsidiary in London, in providing a stable supply of products that satisfy customers' demands.

In the area of research, we support customers with macroeconomic, credit and other market analyses and offer portfolio diagnostic services in response to customers' individual needs. As a result, our researchers have earned an excellent reputation, and our research team ranked at the top for fiscal 2001 in Nikkei Bond Information by the leading Japanese financial daily, *Nihon Keizai Shimbun*.

### ■ Equities Trading

We provide a full line-up of equities products for a wide range of customers, from domestic and overseas institutional investors to business corporations and financial institutions. To build on the excellent reputation that our macroeconomic analysis division has enjoyed for some time, we sought to strengthen our research capabilities in the area of individual corporate analyses by reinforcing our team of sector analysts.

Not content to confine our focus on domestic business promotion, we also achieved steady expansion in transactions with institutional investors overseas, cooperating with the sales teams of our securities subsidiaries in London, New York, Zurich and Hong Kong to create a framework that will allow rapid and accurate dissemination of research reports. Looking ahead, we will strive harder to develop our global business through overseas placements and investor relations briefings for institutional investors.

In the area of equity derivatives, we have assembled a highly experienced staff who work on devising suitable proposals for dealing with customers' investment, funding and financial strategy requirements within sophisticated risk management frameworks.

With a sales force capable of covering markets at home and abroad, research capabilities backed by well-staffed analyst divisions, trading and execution systems supported by state-of-the-art front office trading systems, and product development strengths using derivatives and other vehicles, we are well-placed to fulfill our customers' high-level needs.

## M&A

Based on our ability to identify customers' strengths and management issues, and distinguish core businesses from non-core businesses, we offer customers advice on enhancing enterprise value by supporting efforts to grow and expand core businesses on the one hand, and to sell and spin off non-core businesses into other companies on the other. More specifically, we are engaged in providing advice pertaining to the capital structure and optimal business portfolio realignments necessary for realizing business strategies. We also offer comprehensive advice for customers during the M&A process, including equity trading, transfers of business, mergers, stock-for-stock exchanges, corporate splits and company spin-offs. This advice covers business valuations, evaluations of acquisition pricing and merger and consolidation ratios, as well as negotiations over sales and consolidations.

We are also able to offer our services globally in cooperation with our overseas offices, engaging in cross-border services with foreign affiliated companies and providing financial advice to the overseas subsidiaries of Japanese customers. Proof of our top-class performance is provided by the fact that we were ranked first in *Thomson Financial's* M&A Advisory Banking Transactions Involving Purchase of Japanese Companies (announcement basis for 2001) in terms of number of transactions, and second in terms of transaction value.

We remain committed to establishing a firm position as a leading company in this area through our efforts to respond promptly and accurately to customers' diverse needs.

## Structured Finance

We have continued to play a leading role in the Japanese structured finance market by building on our advanced know-how and solid past record in securitizing real estate and monetary claims (lease receivables, housing loan claims, etc.) and lease finance. In 2001, we received the *Thomson Deal Watch* "ABS House of the Year" award for the second consecutive year. In fiscal 2001, we were also the top lead manager in domestic ABS public offerings (value basis) for the third year in succession.

We will continue our proactive approach to handling the securitization of all types of assets, including REIT-related business, while responding to customers' needs through the development of various kinds of financial technologies.

### Glossary

#### J-REIT (Japanese Real Estate Investment Trusts)

Newly introduced Investment Trusts which engage in real estate. They can be listed on exchanges such as the Tokyo Stock Exchange (TSE) and may also be granted special corporate tax considerations if they satisfy certain requirements. J-REITs were modeled after the Real Estate Investment Trusts set up in the U.S. and elsewhere, and the first was listed on the TSE in September 2001. We have high expectations that they will help to reinvigorate the real estate market.

#### Main Structured Finance Businesses Handled by Mizuho Securities

- Securitization (moving various financial assets such as leases, credit and other receivables off the balance sheet)
- Real estate finance (real estate securitization, non-recourse loan arrangement)
- J-REIT (Japanese-style REIT)
- Develop equity-related products (new types of equity-related products)
- Develop tailor-made products (financial products to satisfy customers' individual needs)
- Other products

### ■ Debt Financing

We have compiled one of the business sectors' best records in the area of debt financing. Contributory factors include our powerful capabilities in selling bonds, setting prices to reflect customer demand with precision, and responding rapidly to changes in the market.

According to materials based on I-N Information Systems statistics concerning underwriting performance related to Japanese customers' issues, we maintained our prominent presence in the market in fiscal 2001. We topped the league table for Underwriting FILP Agency Bonds, took second place for Underwriting Bonds Issued by Electric Power Utilities in the Wholesale Market, and third place in General Industrial Bonds for the Wholesale Market. In cooperation with our overseas securities subsidiaries, we also respond to our customers' needs for debt financing in overseas markets.

We have earned high marks for our underwriting regarding non-Japanese customers' issues. In fact, two of the Samurai bond issues that we lead-managed received awards, one winning the international finance magazine *Euro Week's* "2001 Yen Deal of the Year," and the other the *Nihon Keizai Shimbun's* "Best Samurai Bond Deal of 2001."

In addition to proposals for finance, we are active in drawing up proposals for dealing with the recent increase in credit risk, matters relating to raising credit ratings and improving disclosure, and other issues associated with debt financing. We will continue to use accurate analyses of market trends and cutting-edge financial technologies in formulating proposals for optimized funding plans according to customers' needs.

### ■ Equity Financing

With the application of sophisticated FT and our excellent equity placing power in Japan and overseas, we are able to satisfy customers' needs for equity financing through capital increase by public offerings, sales, and convertible bond issues. Our underwriting record in recent years has been acknowledged in league tables of I-N Information Systems. We were ranked fourth in the Domestic Convertible Bond Underwriters' League Table for fiscal 2001, first in the Japanese CB in the Swiss Market Lead Managers' League Table for 2001; and first in the Japanese CB in the Swiss Market Underwriters' League Table for 2001. As these results show, we have a great deal of experience not only in the domestic market but also in the euro market, the Swiss market and other markets overseas.

We have been quick to respond to changes in Japanese legislation and taxation systems and pay constant attention to the task of drawing up proposals pertaining to capital policies that will maximize customer enterprise value, including proposals on schemes that make use of newly-introduced stock subscription rights and treasury stocks.

In October 2001, we established Japan Investor Relations and Investor Support (J-IRIS) to engage in research on investor relations for corporations and investor support for institutional investors. The shareholding structures that traditionally existed in Japan's equity markets are currently undergoing major changes as financial institutions continue to unwind their cross-shareholdings and foreign shareholders and other institutional investors increase their influence. To respond to the changing times, J-IRIS provides proactive suggestions and advice based on research into corporate governance in cooperation with the Investor Responsibility Research Center (IRRC), a U.S. research institution.

## IPOs

The number of Japanese companies wishing to go public through IPOs on the TSE, OSE, JASDAQ, TSE Mothers and NASDAQ Japan remains as high as ever. We have sought to satisfy their wishes by putting considerable effort into the IPO-related business. As a result, we have acted as lead manager for a total of 11 IPOs, and our strong performance and reputation for customer satisfaction were acknowledged when we ranked fifth in the New Stock Issues Underwriters' League Table for fiscal 2001 based on I-N Information Systems statistics.

One of the features of the IPO services we provide is our ability to offer appropriate solutions to our customers' varied needs through our team of professionals, who are vastly experienced in advising on public offerings. In addition to providing advice on the most appropriate capital policies, creating in-house management structures and other aspects of preparing for IPOs, we have established frameworks for providing customers that are about to make their market debuts with comprehensive support in areas such as disclosure, preparing due diligence materials, building in-house structures in preparation for the IPO, and training human resources.

Once the offering has been completed, we also stand ready to respond quickly to customers' needs through teams specializing in post-IPO investor relations, growth strategies and capital policies.

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### Glossary

#### Stock Subscription Rights

The right to acquire stocks at a price of specification.

#### Treasury Stocks

Stocks that are purchased by the issuing company and are held for future use.

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*Glossary*

**Franchise System in Trust Services**

Please refer to page 39.

## ■ Basic Strategy

MHTB specializes in providing trust banking services to corporate customers. We have a strong financial structure with a minimum of risk exposure in our banking operations and offer professional expertise in four areas: pension trust and asset management, custodial services, stock transfer agency business and securitization services. We have concentrated our management resources on these asset management businesses to create advanced systems and risk management structures. We aim to become our customers' "best partner for trust services" by offering them the best and most appropriate services for their needs.

### **Introduction of Franchise System in Trust Services**

Following the revision of legislation on banks' participation in the trust business, we received approval from the Financial Services Agency to make MHCB and MHBK our franchises from April 2002. It therefore became possible to enhance our services further by providing customers products in the four areas mentioned above through MHCB and MHBK.

## ■ Pension Trust and Asset Management Services

### ● Pension Business

Following the enforcement of the Defined Contribution Pension Law in October 2001 and the Defined Benefit Corporate Pension Law in April 2002, companies are now able to select from a wider range of pension schemes than ever before. The Tax Qualified Pension System has long been a mainstay of corporate pension plans in Japan, but is to be abolished on March 31, 2012. It will become possible for companies to return to the government the substituted portion of Employees' Pension Insurance within Employees' Pension Funds. Two new corporate pensions will also be set up: the agreement-based-type and the legal-based-type pension. Amidst these environmental changes, companies are reaching the stage where they will have to start drastic reviews of their own corporate pension schemes and look into the possibility of switching to new ones. Our response to these changes is to work even harder to satisfy customers' needs by enhancing our capabilities as a full range service provider.

### **Provide Know-How as a Full Range Service Provider**

Since the entrustment of the first Tax Qualified Retirement Pension Plan in 1962, and the inauguration of the Employees' Pension Fund System in 1966, we have endeavored to promote and expand the corporate pension system. We boast one of the best records in the area of the Employees' Pension Fund—the main corporate pension scheme. As of March 31, 2002, we had 789 funds in trust, including 222 funds for which we act as a sole or main trustee. In everything from actuarial and administrative services, asset management and custody to pension consulting, we have earned the trust of the sponsors of Employee's Pension Fund and Tax Qualified Pension Plan as well as participants and beneficiaries of pension benefits. Moreover, we were ranked as the number one asset manager in the "Fiscal 2001 Pension Customer Ratings of Asset Managers" (Rating and Investment Information ("R&I"): Pension Information).

## ● Asset Management Business

We are endeavoring to satisfy customers' requirements by offering various types of high-quality fund management products for corporate pension funds and public institutions. We also respond to their diversifying needs by providing various solutions, including proposals and information centered on asset management.

### Providing Products

We offer a line-up of products that satisfy customers' varying needs. They range from active investments that aim to surpass the performance of benchmarks such as the TSE Stock Price Index to passive investments that aim for precise linkage with movements in market indices. In our active investments, our policy for both stocks and bonds in domestic and overseas markets is to concentrate on individual stock selections based on fundamental research, and our specialist teams of analysts have earned an excellent reputation among our customers. In our passive investments, we have established our position as one of the pioneers among domestic investment institutions.

### Developing the Solutions Business

On the solutions side, we offer corporate pension customers integrated proposals that cover everything from plan designing to investment planning. We also offer investment products in new areas that take into account the reforms of the pension system, including defined contribution pension plans, cash balance plans, and the return to the government of the substituted portion of Employees' Pension Insurance within Employees' Pension Funds. We are thus well-equipped to offer appropriate proposals and advice concerning the issues customers face.

The basic spirit behind these investment operations is to fulfill our responsibilities as a trustee, and we are steadily winning greater trust among customers through our efforts to establish a framework that ensures compliance with our fiduciary duties in all aspects of our business.

## ■ Custodial Services

We are engaged in complex, high-volume custodial services such as specified money trusts (*tokkin* funds), pecuniary trusts other than money trusts, securities investment trusts and securities trusts. Custodial services are one of our most important core businesses, and customers value our services because they are manifestly based on a high degree of expertise.

The planned introduction of shorter settlement cycles and other major reforms currently affecting securities settlement systems will have a considerable impact on custodial operations. In particular, massive investments in systems are needed to comply with the automation of procedures ranging from securities contracts through to settlements and accounting, which is known as Straight Through Processing (STP).

To respond to these developments, we established the Trust & Custody Services Bank together with four life insurance companies with which we have close ties—Asahi Mutual Life Insurance, Dai-ichi Mutual Life Insurance, Fukoku Mutual Life Insurance, and Yasuda Mutual Life Insurance—and entrusted it with custodial operations. By integrating the assets of the companies together with their know-how and taking full advantage of scale profit, we are able to offer high-level services.

### Establishment of the Pension Business Department (network business promotion)

In November 2001, we established the Pension Business Department (network business promotion), as a part of the establishment of a new business model designed to allow the rapid delivery of high-quality services tailored to the IT era.

Specialist staff with abundant experience in the pension business are assigned for each customer. Using Web sites, e-mail and other tools, they offer quick responses to inquiries and requests for advice, disclose information relating to investments and distribute pension-related materials over the Internet, thus providing the latest information in real time.

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### Glossary

#### Securities Settlement System Reform

Please refer to page 29.

### Dealings in ETFs

In the area of investment trusts, we were quick to respond to the introduction of ETFs in fiscal 2001, developing original schemes that are designed to ensure greater convenience and protection for investors, and making them available to customers in August 2001.

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### Glossary

#### ETFs

These investment trusts are traded on stock exchanges after the underlying funds have been listed. The decision to introduce them was taken as part of the emergency economic package adopted in April 2001. Products linked to stock indexes such as the TOPIX and the Nikkei 225 are sold.

#### Consolidation of Assets at Trust & Custody Services Bank

In December 2001, we consigned the operation of entrusted assets from our customers by using the re-entrust scheme to the Trust & Custody Services Bank.

##### Glossary

###### Re-Entrust Scheme

A scheme by which a trustee entity may conclude a trust agreement with another trust bank to enable the latter to undertake part of its trust operations. The idea of re-entrustment schemes was proposed as a means of integrating custodial operations during studies on setting up Japanese-style master trusts, and issues pertaining to taxes and legislation have been sorted out and resolved.

##### Glossary

###### Commercial Code Revisions Expected in Fiscal 2001

- Revisions affecting securities
  - Stock invalidation scheme to render stock certificates invalid after the passage of one year from the date on which a person losing the certificates in question registers their loss with the company concerned.
  - System for using auctions to dispose of stocks belonging to shareholders whose whereabouts have been unknown for five years or more.
- Revisions affecting corporate organization
  - Special exceptions measures that allow committees on board nominations, audits, directors' remuneration, etc., to be installed instead of corporate auditors.
  - Easing of quorum requirements for special resolutions of the general meeting of shareholders to allow the quorum to be reduced from a majority of shareholders to at least one-third.

#### Use of IT at General Meetings of Shareholders

We are working on the development of a "General Meeting IT System" designed to allow general meetings of shareholders to be held at low cost while maintaining high security levels. Shareholders will be able to exercise their votes electronically at the June 2002 General Meeting of Shareholders and we shall start making "e-notifications" and "e-claims" available from the March 2003 general meeting.

We intend to continue working together with the Trust & Custody Services Bank to increase our specialist expertise and establish an even stronger presence as a custodial institution.

#### Stock Transfer Agency Services

Drastic changes are affecting the environment surrounding the stock transfer agency business. Following the amendments to the Commercial Code in fiscal 2001, proposals for further amendments in fiscal 2002 are expected to lead to discussions on stock system reforms, including the stock invalidation scheme, the establishment of paperless stock issues, and the disposal of stocks belonging to shareholders whose whereabouts are unknown.

During fiscal 2001 we worked hard to expand our business, achieving top performance in the business sector in increasing the number of companies entrusting their business to us. As of the end of March 2002, the number of companies entrusting us with stock transfer agency business had reached 834, and the number of shareholders covered was 4.53 million. From fiscal 2002, we shall conduct business promotion activities using an extensive sales network in which MHCB and MHBK serve as our franchises in trust services.

We have thus made considerable efforts to built up powerful consulting capabilities as a result of a series of Commercial Code amendments covering corporate reorganization, the "tangen-kabu" unit share system (abolishing net asset per share regulations, ending the "tan'i-kabu" unit share system and abolishing the par-value stock system) and corporate governance. Against this background, we have responded by quickly entering new sectors, such as commencing services to persuade individual shareholders in Japan to exercise their voting rights. We have also completed our systems in response to using IT at the general meeting of shareholders, and have earned high praise for the establishment of a system that allows us to respond proactively in this way to the needs of companies who have entrusted us with their business.

As part of our other services to shareholders, we have set up one of the best reception networks in the industry, establishing agency desks at 59 offices of Mizuho Investors Securities since November 2001. We also continue to increase the number of shareholder call centers and to improve our Web site. We will constantly review our services for shareholders as we maintain our efforts to respond proactively to our customers' demands.

#### Securitization Services

Securitization services enable us to support customers in arranging their claims into beneficial interest in trust, ABSs and CPs through trusts or special purpose companies for sale to investors. In addition to providing new funding methods based on the creditworthiness of customers' claims, this contributes to more efficient use of capital by moving assets off the balance sheet.

Securitization is one of today's cutting-edge services, and the leading position we have achieved in terms of performance in this area owes much to the high-level structuring know-how we have accumulated in developing and proposing stable and efficient securitization schemes. In addition to providing reliable yet low-cost services through our dedicated systems, we develop optimized products on a tailor-made basis.

## Total Solutions Services

We securitize various kinds of assets and provide high value-added products. In particular, our "Noteless 2" product was the first successful attempt in Japan to create a lump-sum accounts payable trust product. This epoch-making product simultaneously satisfies corporate needs by eliminating promissory notes and rationalizing operations and administration procedures while assisting suppliers with their funding requirements, and has been extremely well-received. As of March 31, 2002, 71 companies had introduced the scheme and some 26,000 entrustment registration contracts had been concluded.

## Sophisticated Structuring Capabilities

As the trust bank with the leading share of securitization services entrusted, we make maximum use of our trust capabilities to develop and propose efficient and stable securitization schemes. Drawing on the high-level structuring capabilities we have built to date, we provide optimized solutions to customer requirements for reductions in assets and liabilities, improvements in financial ratios, and diversification of funding methods.

## High-Quality Asset Administration Services

Investors who have purchased beneficial interests and ABSs can use our asset management system with confidence. Not only is it supported by our vast experience as a trustee and the variety of know-how we have acquired in managing trust claim recovery data, but it also offers flexible systems responses to individual schemes.

## Overseas Activities

### Overseas Subsidiaries

The number of Japanese investors wishing to invest in foreign securities is increasing. To respond quickly to their growing demands, we have concentrated our administration services for overseas funds (investment trusts registered in foreign countries) and overseas custody services (including settlement of foreign securities and safekeeping) in Mizuho Trust & Banking (USA), a wholly owned subsidiary in New York and Mizuho Trust & Banking (Luxembourg), another wholly owned subsidiary based in Europe. As a result, we are now able to provide carefully tailored global-standard services through our tripolar support system, which covers Japan and the rest of Asia from Tokyo, the Americas and Europe.

We have also posted asset management staff at Mizuho Trust & Banking (USA), and they are working actively through a desk we have set up at Bernstein, a world-class investment research and management company with which we have close ties. Based on Bernstein's research data, we use corporate visits and other methods for our own additional research and build model portfolios consisting of U.S. stocks in consultation with our Corporate Research Office in Tokyo.

### London Representative Office

Our London Representative Office is our base for asset management activities in Europe. As in the case of Mizuho Trust & Banking (USA), we have also posted staffers at Bernstein in London, where they are active in research.

## Enhancing Promissory Note Securitization Capabilities

Having developed a scheme for the lump-sum securitization of the massive volumes of promissory notes held by corporations, we have recently increased the processing capacity and performance of our original promissory note management scheme in response to the huge securitization needs of companies holding such notes in large quantities. As a result of these efforts, the balance of promissory note claim trusts entrusted to us had reached ¥205.9 billion as of March 31, 2002.

## "Noteless 2" Lump-sum Accounts Payable Trusts

As companies come under rising pressure to rationalize, more of them are moving to eliminate payment by promissory note. The "Noteless 2" lump-sum accounts payable trust scheme is a new settlement method that we have developed to replace the traditional method of settlements using promissory notes. It is designed for use by suppliers and companies that are due to make payments to them.

Instead of issuing a promissory note, monthly receivables are placed in trust for the supplier each time they are confirmed and the data is sent to us. Since the supplier is able to transfer trust beneficial interests to a third party using us as intermediary, it can obtain cash before the due date. At the same time, the company making payment is able to use its creditworthiness to obtain low-interest funding.

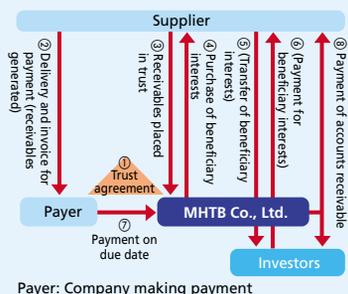
### • Advantages for the company making the payment

- (1) Rationalize operations and administrative business involved in issuing promissory notes and save stamp duty.
- (2) Outsource settlement operations.
- (3) Deal effectively with duplicate payment risk in the case of the supplier's bankruptcy.

### • Advantages for the supplier

- (1) Diversify low-interest funding sources and methods using the payer's credit standing.
- (2) Rationalize operations and administrative business and prevent problems such as loss of promissory notes.

## "Noteless 2" (product name) Lump-sum Accounts Payable Trust scheme



MHFG is highly ranked in a wide range of financial services in Japan.

### Supporting the Financial Needs of Households

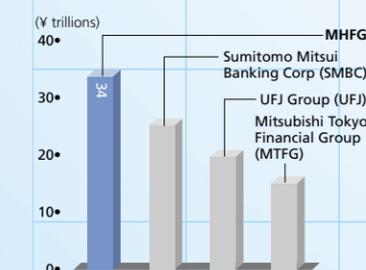
- ¥35 trillion in personal assets under management (No. 1 among Japanese banks)
- ¥12.5 trillion in consumer loan portfolio (No. 2 among Japanese banks)
- ¥9 trillion in residential housing loan portfolio (No. 1 among Japanese banks)
- 6.4 million customers utilizing membership-style banking services (No. 1 among Japanese banks)
- \*All figures are as of March 31, 2002
- 8,909 testamentary trusts entrusted (No. 1 in industry sector) as of March 31, 2002
- ¥110 billion in total debit card sales by affiliated merchants (No.1 among Japanese banks) for fiscal 2001
- 910 thousand subscribers of Internet banking services as of March 31, 2002
- 2.8 million telephone banking service users as of March 31, 2002
- MHBK's 664 full-service branches; 5,000 automated outlets (locations of ATM including joint-use ATMs at convenience stores) in Japan (one of the largest branch networks in Japan) as of April 1, 2002

### Supporting the Financial Needs of Corporations

- ¥34 trillion in loans to SMEs (No. 1 among Japanese banks) as of March 31, 2002
- ¥24.5 trillion in loans to large corporations (No. 1 among Japanese banks) as of March 31, 2002
- US\$40.7 billion (44% share) in arrangement of domestic syndicated loans (No. 1 among Japanese banks) for 2001
- ¥3.2 trillion in administration of public bond offerings (No. 1 among Japanese banks) for fiscal 2001
- ¥534 trillion in interest rate swaps and ¥21 trillion in exchange rate swaps (No. 1 among Japanese banks) as of March 31, 2002
- ¥854.8 billion in lead management of domestic straight bond issues excluding city bank issues, self-financing issues, and retail investors targeted issues (No. 3 among industry sector) for fiscal 2001
- ¥174.5 billion in lead management of FILP agency bond issues (No. 1 in industry sector) for fiscal 2001
- ¥200.2 billion in lead management of domestic ABS issues (No. 1 in industry sector) for fiscal 2001
- ¥197.5 billion in domestic real estate securitization (No. 1 in industry sector) for fiscal 2001

#### Loans to Domestic SMEs

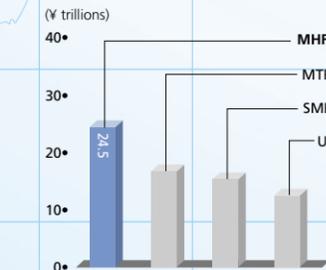
(Aggregated figures of the three banks; as of March 31, 2002)



Source: Preliminary financial results for fiscal 2001 (comparison of outstanding loans to SMEs after subtracting outstanding consumer loans)

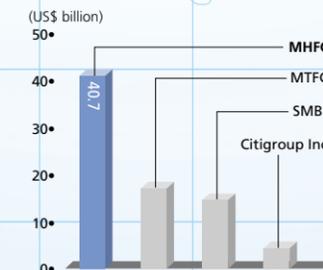
#### Loans to Large Corporations

(Aggregated figures of the three banks; as of March 31, 2002)



Source: Preliminary financial results for fiscal 2001. Researched by MHFD

#### Domestic Syndicated Loans Arranged for 2001



Source: IFR Securities Data

### Supporting Global Business with Global Network of 75 Offices Covering Major Overseas Markets

- 4,500 non-Japanese customers as of March 31, 2002
- ¥9 trillion in loans at overseas branches as of March 31, 2002
- US\$67.2 billion (488 transactions) in arrangement of global syndicated loans (No. 1 among Japanese banks) for 2001
- US\$3.2 billion in arrangement of global project finance (No.1 among Japanese banks) for 2001
- 45% share in yen custody services for foreign institutional investors (No. 1 among Japanese banks) as of March 31, 2002
- 32% share in foreign exchange (yen clearing) services (No. 1 among Japanese banks) as of March 31, 2002

#### Global Syndicated Loan Arrangers

(Amounts arranged; aggregated figures of the three banks; January 1–December 31, 2001)

Ranking	Amount (US\$million)	
1	JP Morgan	252,196.0
2	Citigroup/Salomon Smith Barney	222,360.6
3	Bank of America	215,275.4
4	Deutsche Bank	86,059.9
5	Mizuho Financial Group	67,171.8
6	BankOne	66,140.2
7	Barclays Capital	63,562.2
8	ABN AMRO	49,810.1
9	BNP Paribas	46,618.7
10	FleetBoston	46,142.8
11	Wachovia Bank	44,304.4
12	Bank of Tokyo-Mitsubishi	44,204.8
13	CSFB(Credit Suisse First Boston)	39,921.4
14	Bank of Nova Scotia	38,074.8
15	Commerzbank	37,303.9
16	RBS(Royal Bank of Scotland)	34,850.0
17	HSBC(Hongkong Shanghai Banking Corp.)	33,663.9
18	SMBC	27,639.8
19	Bank of New York	25,797.5
20	Westdeutsche Landesbank	25,233.9

Source: IFR, January 5, 2002

#### Global Project Finance Arrangers

(Amounts arranged; aggregated figures of the three banks; January 1–December 31, 2001)

Ranking	Amount (US\$million)	No. of Deals	
1	Citigroup	15,512	54
2	Westdeutsche Landesbank	8,235	27
3	BNP Paribas	6,429	21
4	Societe Generale	5,301	17
5	CSFB(Credit Suisse First Boston)	4,742	8
6	JP Morgan	4,333	18
7	Dresdner Kleinwort Wasserstein	4,038	17
8	ABN AMRO	4,019	19
9	Deutsche Bank	3,623	14
10	Barclays Bank	3,612	18
11	Mizuho Financial Group	3,187	20
12	IntesaBci	2,621	5
13	Bank of America	2,282	13
14	Credit Lyonnais	2,019	12
15	Royal Bank of Scotland	1,911	16
16	Skandinaviska Enskilda Banken	1,582	2
17	Bank of Tokyo-Mitsubishi	1,573	11
18	Australia and New Zealand Banking Group	1,532	12
19	Santander Central Hispano	1,465	10
20	Credit Agricole Indosuez	1,366	10

Source: PFI, January 23, 2002

- 82 arrangements (No. 1 in industry sector) and US\$28.3 billion (No. 2 in industry sector) in M&A advisory banking transactions involving purchase of Japanese companies (announcement basis for 2001)
- ¥60.3 billion invested by venture capital (No. 1 among bank affiliated venture capital) as of March 31, 2002
- ¥8.5 trillion in assets under management (No. 3 in industry sector) as of December 31, 2001
- ¥5.1 trillion in domestic pension funds under management (No. 2 in industry sector) as of December 31, 2001
- ¥2.8 trillion in asset securitization (No. 1 in industry sector) as of March 31, 2002
- ¥1.6 trillion in retirement benefit funds entrusted (No. 1 in industry sector) as of March 31, 2002

#### Domestic ABS League Table

(Fiscal 2001)

Lead Management Issues  
 Total issues: ¥549.5 billion

Ranking	Securities company	Lead management issues (billion yen)	Market share (%)
1	Mizuho Securities	200.2	36.42
2	Daiwa Securities SMBC	101.1	18.39
3	UFJ Capital Markets Securities	71.1	11.79
4	Nomura Securities	56.3	10.24
5	Deutsche Securities	48.9	8.90
6	Goldman Sachs	38.8	7.05
7	Nikko Salomon Smith Barney	14.6	2.66
8	Credit Suisse First Boston	6.3	1.14
8	Merrill Lynch	6.3	1.14
8	Morgan Stanley Dean Witter	6.3	1.14

Source: Mizuho Securities research

#### Domestic SB League Table

(Fiscal 2001)

Lead Management Issues (excluding city bank issues, self-financing issues and retail investors targeted issues)  
 Total issues: ¥5,474.5 billion

Ranking	Securities company	Lead management issues (billion yen)	Market share (%)
1	Nomura Securities	1,182.8	21.61
2	Daiwa Securities SMBC	1,004.5	18.35
3	Mizuho Securities	854.8	15.61
4	Nikko Salomon Smith Barney	764.8	13.97
5	Tokyo-Mitsubishi Securities	442.8	8.09
6	Goldman Sachs	335.0	6.12
7	Morgan Stanley Dean Witter	195.0	3.56
8	UFJ Capital Markets Securities	168.2	3.07
9	Shinko Securities	126.8	2.32
10	Merrill Lynch Japan Securities	100.0	1.83

Source: Mizuho Securities research

\* All figures are aggregates of the three banks and rounded off.

## Community Activities of Mizuho

We are conscious of the importance of the responsibility to contribute to society as a "good corporate citizen" and will actively engage in various local community activities including donations at home and overseas.

We will also support the volunteer activities of our executives and employees.



Donation to the Japan Red Cross Society



First-year primary school students wearing yellow badges during the Traffic Safety Campaign

### ●US\$1 Million Contribution to Rescue Operations Following Terrorist Attacks on U.S.

We contributed US\$1 million to the Japan Red Cross Society to support rescue operations following the September 11, 2001 terrorist attacks on New York and Washington, D.C.

Tragically, the victims of these dreadful attacks included 19 group employees working at our offices in the World Trade Center.

### ●Traffic Safety Campaign

Each year, as part of our "Yellow Badge Traffic Safety Campaign," first-graders throughout Japan are provided with yellow badges that, when worn, signify they are automatically covered by traffic accident insurance if they are involved in an accident on their way to or from school. Fiscal 2000 marked the 38th year of this traffic safety campaign, which started in 1965 and has now provided insurance coverage for a total of 47.06 million children.

### ●Contributions to Local Communities in Japan

#### Support for the Economic Viability of Vocational Aid Centers for the Mentally and Physically Challenged

Mizuho Bank's (MHBK) Obihiro Branch in Hokkaido is working together with vocational aid centers for the mentally and physically challenged and its customers to make the centers economically viable. It is having considerable success in creating a framework for taking advantage of regional characteristics by among other things starting a paper bag recycling business at two centers, *At Home Memuro* and *Nozomi-en*. Paper bags left over from the processing of *adzuki* beans produced in the Tokachi area of Hokkaido, where Obihiro is located, are reused in packaging potatoes.

#### Special Lectures to Junior High School Students

The manager of MHBK's Nagano Chuo Branch, who is also an Examining Member of the Security Analysts Association of Japan, gave a lecture on finance to the students of the local Sakuragaoka Junior High School in Nagano City. At the school's request, he gave a special talk on securities investment to third-year students as one of their elective subjects in social studies.

### ●Contributions to Local Communities Overseas

#### Activities in U.S.

Mizuho group staff members and their families in the U.S. are active participants in various volunteer activities. Their involvement and dedication are furthered by the philanthropic contributions of the Mizuho group companies, who are significant supporters of local community revitalization. For example, The IBJ Foundation has since its establishment in 1989 contributed some US\$5.5 million to local educational institutions and community development organizations in keeping with its goals to foster the "Education of Global Citizens," "Strengthening of Urban Communities" and employee "Community Involvement." In January 2002, Neighborhood Housing Services, a not-for-profit organization in New York, recognized the Foundation's sponsor, The Industrial Bank of Japan Trust Company, together with the Fuji Bank and Trust Company, for their many years of contributions to local communities. The DKB Foundation has donated a total of US\$1 million through its activities since its inception in 1993.



The Neighborhood Housing Services award presentation ceremony

#### Activities in Asia

Our employees both in Japan and at our operations in Thailand, Indonesia, China and Taiwan contributed to the local communities by donating funds and engaging in support activities for disadvantaged children.

The Mizuho Financial Group (MHFG) 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.



Mizuho Aishin Charity Fund presentation ceremony

## ● Activities of Philanthropic Foundations

MHFG supports the following philanthropic foundations in their work in the areas of social welfare, education, scholarships, international exchange and academic research.

### **Mizuho Education Welfare Foundation (established 1972)**

This foundation engages in assisting various activities, supporting education in rural areas and providing education for physically challenged children and welfare assistance for senior citizens. It has also donated a cumulative total of 228 welfare vehicles, or "Heart" automobiles, to nursing care homes for senior citizens throughout Japan.

### **Mizuho Welfare Foundation (established 1980)**

This foundation tackles social welfare issues centered on the welfare of the disabled, providing grants for social welfare, funds for translating books into Braille for visually-impaired university students (cumulative total: 100 students) and electrically-powered wheelchairs (cumulative total 500). Since its founding, it has also donated a total of 183 buses and minibuses equipped with elevators for the mentally and physically challenged.

### **Mizuho International Foundation (established 1991)**

This foundation was set up primarily to provide scholarships for overseas students studying in Japan. Since its founding, it has assisted a cumulative total of 112 students, 27 of them doctoral candidates. It is also engaged in activities to train younger people to undertake work in the area of international exchange.

### **Mizuho Foundation for the Promotion of Sciences (established 1957)**

This foundation was established to encourage academic research by young people. It provides grants for young engineering researchers recommended by universities, holds essay contests in the areas of law and economics (from among the public) and offers scholarships to overseas students studying in Japan who are selected by their universities.

### **Mizuho Scholarship Foundation (established 1954)**

This foundation was established to foster human resources by providing scholarships for excellent students recommended by universities who face economic hardships. Since its founding, it has granted scholarships to 672 people.



Presentation of a welfare vehicle



Scholarship alumni

## ● Support for Art and Culture

### **Coming-of-Age Day Concerts**

This year's "Coming-of-Age Day Concert" took place at the Suntory Hall in Tokyo on the Coming-of-Age Day national holiday (January 14, 2002). The program was extremely varied, featuring violinist Eijin Nimura, ballet dancer Hana Sakai, conductor Kazushi Ono and the Vaganova Academy of Ballet. These concerts have been held since 1990 with a view to supporting young artists and popularizing classical music among the next generation of young people.



Eijin Nimura



Hana Sakai

### **MIZUHO STREET GALLERY**

The MIZUHO STREET GALLERY uses the window display areas of Mizuho Bank's Ginza Chuo and Sukiwabashi branches to show works by various artists. The aim is to discover and support young artists and provide space where they can display original works of art and send out messages that blend in well with the main streets of Tokyo's bustling Ginza area.



Ginza Chuo Branch

## ● Basic Approach

- 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 will engage in energy and resource conservation efforts that include separating and collecting garbage by type, and using recycled materials.
- In addition to supporting environmental protection organizations and our customers' programs for dealing with environmental issues, we will offer financial products and services that contribute to environmental preservation.

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

We offer the following services to support the endeavors of customers in the environmental area.

- Surveys and advice relating to the risks faced by customers following the adoption of the Kyoto Protocol and the passage of the Law for the Prevention of Soil Pollution, and measures for managing such risks.
- Advice and financial products associated with greenhouse gas emissions trading and clean development mechanisms (CDM).
- Economic evaluations of investments in projects whose purpose is to acquire greenhouse gas emission rights, advice on the associated risks, and arrangement of finance.
- Sales of weather derivatives and advice on using them.
- Support for implementing life cycle assessments (LCA), and consulting in connection with acquiring ISO14001 certification.

## ● Environmental Risk Assessment in Financial Operations

There has been an increase in the number of cases where MHFG evaluates the environmental risk associated with companies and businesses. In the area of M&A, some cases involve factoring in the environmental risks posed by the potential acquisition. In project finance, there are cases where assessments of the project's impact on the environment are reflected in the credit decision or the terms of the contract. MHFG is developing measures on how to evaluate these environmental risks.

## ● Philanthropic Activities Related to the Environment

We support the "All-Japan Elementary and Junior High School Students' Environmental Art Contest." The contest is designed to promote environmental education among primary and junior high school students.

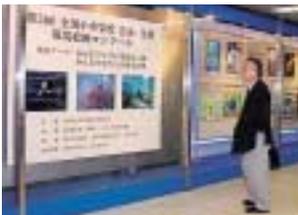
### Glossary

#### CDM

This mechanism allows the emissions credits achieved by developing nations through greenhouse gas emission-reduction projects to be transferred to industrialized nations as emissions rights.

#### LCA

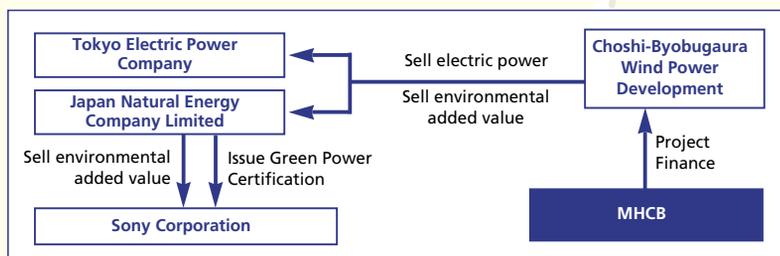
LCA (Life Cycle Assessment) is a process for evaluating the environmental burdens imposed by a product throughout its life cycle, from procurement of raw materials, manufacturing and use to eventual disposal as waste.



Environmental Art Contest display

## ● Project Financing for Japan's First Wind Power Generation Business to Make Use of the Green Power Certification System

Mizuho Corporate Bank (MHC) has concluded a project finance contract with Choshi-Byobugaura Wind Power Development, which is Japan's first wind-power generation business to use the Green Power Certification System.



Topics

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## Management Structure of Mizuho Holdings

### Management Framework of Mizuho Financial Group

On April 1, 2002, the Mizuho Financial Group (MHFG) adopted a management framework where legally separate subsidiaries according to customer segments and business lines are managed under Mizuho Holdings (MHHD), the holding company, whereby a new organization centered on four core subsidiaries was created.

Under the new structure, MHHD fulfills optimum administrative functions by implementing various measures designed to enhance the group's overall capabilities such as formulating group strategies and business portfolio strategies, strengthening risk management, compliance and internal auditing functions, and realizing synergies among group companies.

### Management Structure of Mizuho Holdings

#### Board of Directors

The Board of Directors of MHHD consists of eight members, who determine important matters pertaining to management policies for the holding company and group companies, as well as matters stipulated by laws and regulations.

- Four directors concurrently serving as Executive Officers, including the President & CEO.

- Four directors not concurrently serving as Executive Officers.

(The President & CEO of Mizuho Corporate Bank (MHCN), the President & CEO of Mizuho Bank (MHBK), and two outside directors of MHHD.)

To strengthen the management and monitoring functions of the Board of Directors, directors not concurrently serving as Executive Officers, including the outside directors, participate in the board meetings from a position that is independent of actual execution of business operations.

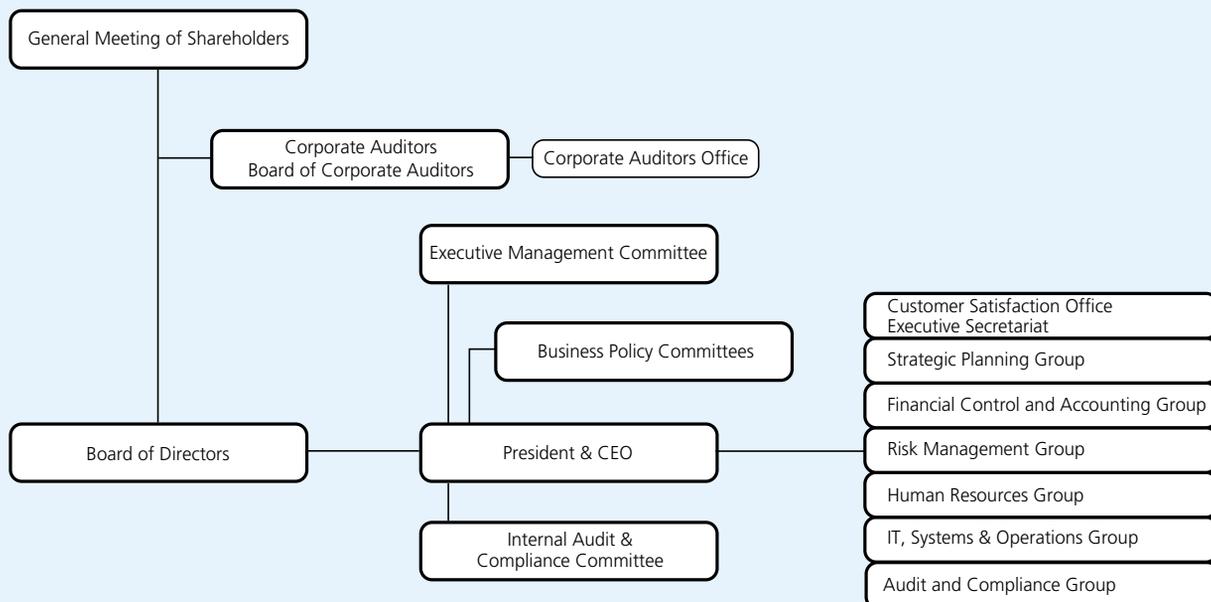
#### Executive Officer System

MHHD adopts the Executive Officer System in order to separate managerial decision-making and execution, and clarify levels of authority and responsibility.

The President & CEO manages the entire group according to the fundamental management policies determined by the Board of Directors.

The Executive Officers comprise the President & CEO and Deputy Presidents, who concurrently serve as directors, and other Executive Officers, who are not directors, entrusted with and responsible for specific business areas.

#### Organizational Structure of Mizuho Holdings



### **Executive Management Committee**

The Executive Management Committee has been established to serve as an advisory body for the President & CEO. The Executive Management Committee consists of the President & CEO, Deputy Presidents and the heads of all groups (the Executive Officers in charge of each group). To ensure that basic group strategies are effectively discussed, the President & CEO of MHCB, and the President & CEO of MHBK also participate.

Where necessary, the President of Mizuho Securities (MHSC) and the President and CEO of Mizuho Trust & Banking (MHTB) also participate in the Committee's meetings.

### **Board of Corporate Auditors**

The Board of Corporate Auditors comprises five corporate auditors, including three outside auditors.

### **Business Policy Committees**

Six Business Policy Committees have been established to serve as forums for the discussion and coordination of company-wide issues of concern to the Executive Officers. The Committees include the Planning & Financial Control Committee, the Portfolio Management Committee, the ALM & Market Risk Committee, the IT Strategy Committee, the Global Strategy Committee, and the MHFG Synergy Promotion Committee.

### **Internal Audit & Compliance Committee**

The Internal Audit & Compliance Committee fulfills an internal audit function under the President & CEO, who acts as chairman.

The Committee utilizes its extensive checking and verification functions to ensure that business operations are carried out in an appropriate manner from the viewpoint of compliance and audit.

### **Organizational Structure**

MHHD has established the Strategic Planning Group, the Financial Control and Accounting Group, the Risk Management Group, the Human Resources Group, the IT, Systems & Operations Group, and the Audit and Compliance Group.

Each group is responsible for formulating strategies for the group as a whole including business portfolio strategy, management of group subsidiaries through business performance evaluation, risk management and compliance monitoring, as well as planning, promotion and coordination of group synergy strategies.

**● 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 MHHD, we conduct profit management for the group, primarily for the four core subsidiaries—MHCB, MHBK, MHSC, MHTB—which have been consolidated and reorganized according to customer segments and business lines.

More specifically, we have clarified the strategic positions of the core subsidiaries 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 MHHD, we are seeking to maximize group corporate value.

Regarding the four core subsidiaries, 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 four core subsidiaries establishes its own profit plan according to the management policy, overall profit plans and resource allocations drawn up by MHHD and manages its performance.

MHCB has built its profit management system based on the business operations section including the business 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 group and business unit 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 subsidiary enhances 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 four core subsidiaries, we formulate profit plans and manage performance for the strategically important subsidiaries and include their profits with those of the four core subsidiaries.

**● 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.

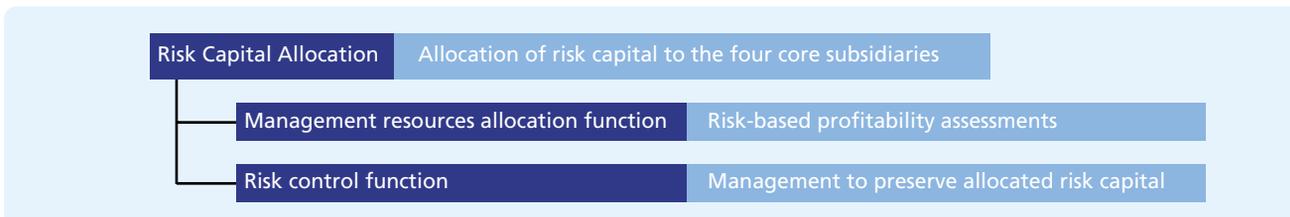
Based on MHHD's business portfolio strategy, we have introduced a management structure under which optimized business activities are conducted within the limits of allocations of risk capital drawn from equity capital and other sources.

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 four core subsidiaries. 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.



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

MHFG and its employees set a shared vision for human resources as follows:

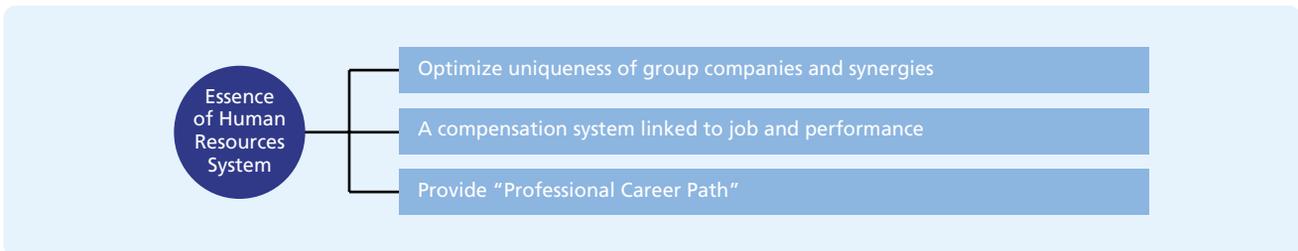
“We promote the ‘ROE’ principle for human resources with a view to lasting value creation and create an attractive and fulfilling working environment for employees.”

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 (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.

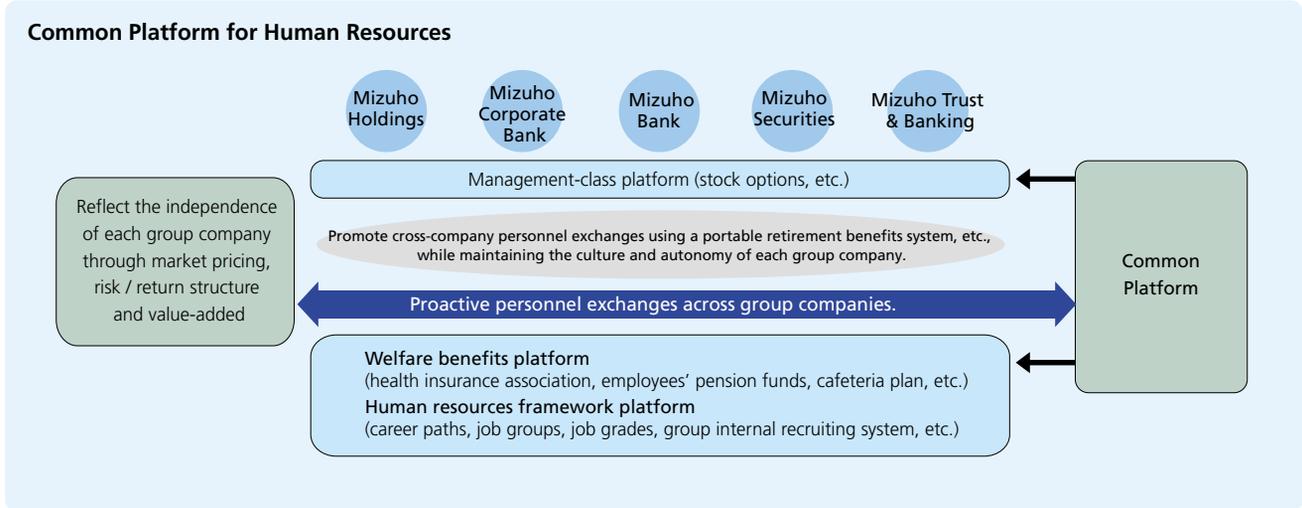
We pay salaries according to job grade that is determined by job responsibilities and other factors.

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

### ● Provide “Professional Career Path”

We designed multi-featured compensation systems that meet the needs of employees and an increasingly fluid labor market.

One example is the “Professional Career Path,” with a salary system that is in line with market standards.



**● Establishing a New Mizuho Corporate Culture**

With the reorganization of the former three banks to form MHCMB and MHBK, the management determined to take the initiative to create a sense of innovation among employees, and aims to create a new Mizuho corporate culture.

Specifically, a personnel evaluation system will be put in place in which the following will be stressed:

- (1) Possessing a “customer-first” corporate objective.
- (2) Facing the challenges of innovation.
- (3) Being rational and fair in making decisions.

(4) Placing more importance on speed of actions.

(5) Being accountable for all actions.

These values shall be shared by all employees and be the basis for a 360-degree employee performance evaluation.

At the same time, to quickly promote a sense of unity within the group and to revitalize the resources of our organization, we will promote such policies as placing the right employee in the right job irrespective of the employee’s bank of origin, as well as active transfers of human resources among all group companies.

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## 62 *Internal Control Systems of Mizuho*

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## Commitment to Risk Management

### ● Basic Approach

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 such as credit, market operations, IT, legal and settlement risks.

We are well aware that in order to raise our corporate value while ensuring the health and stability of our banking business, 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, MHHD's Board of Directors has laid down risk management policies that are applicable to MHFG for managing specific types of risk. These policies clearly define the kinds of risks to be managed, establish the organizational structure and train the human resources necessary for appropriate levels of risk management and provide for audits to measure the effectiveness and suitability of the risk management structure.

In line with these 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 our risk management procedures.

### ● 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 MHHD controls risk management for the group as a whole.

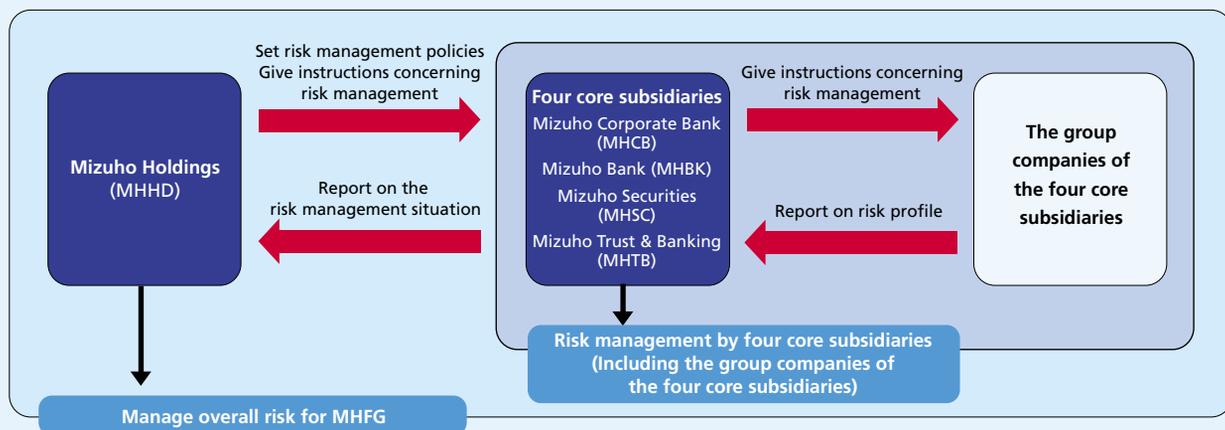
More specifically, MHHD regularly and as required receives reports from the four core subsidiaries (MHCB, MHBK, MHSC and MHTB) on their risk management situation and approves certain risk limits based on the risk management policies adopted by the Board of Directors of MHHD.

MHHD also monitors the risk profile of the entire group, and gives appropriate instructions on risk management to the four core subsidiaries.

Each of the four core subsidiaries also sets up its own risk management policies for various risks. It also regularly and as required receives reports and applications from its own group companies on the risk profile based on its policies. Each of the four core subsidiaries also monitors the risk profile for itself and its own group companies, and gives appropriate instructions on the risk management to the group companies.

In this manner, MHHD and its four core subsidiaries manage overall risk for other group companies.

#### Mizuho Financial Group's (MHFG) Risk Management Structure



\* For matters relating to risk management, compliance management and internal audits of other group companies, MHHD manages these companies through the four core subsidiaries.

## 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.

In the management of risk, there are credit risk management and market risk management, which aim to secure profits by appropriately controlling risks, and operations risk, IT risk and legal risk management, which seek to avoid losses by averting risk.

We use quantitative methods to control total credit and market risk in line with basic group-wide policies towards consolidated risk management laid down by MHHD. We also take a proactive approach to enhancing the sophistication of our risk management methods by tailoring them to the characteristics of different types of risk.

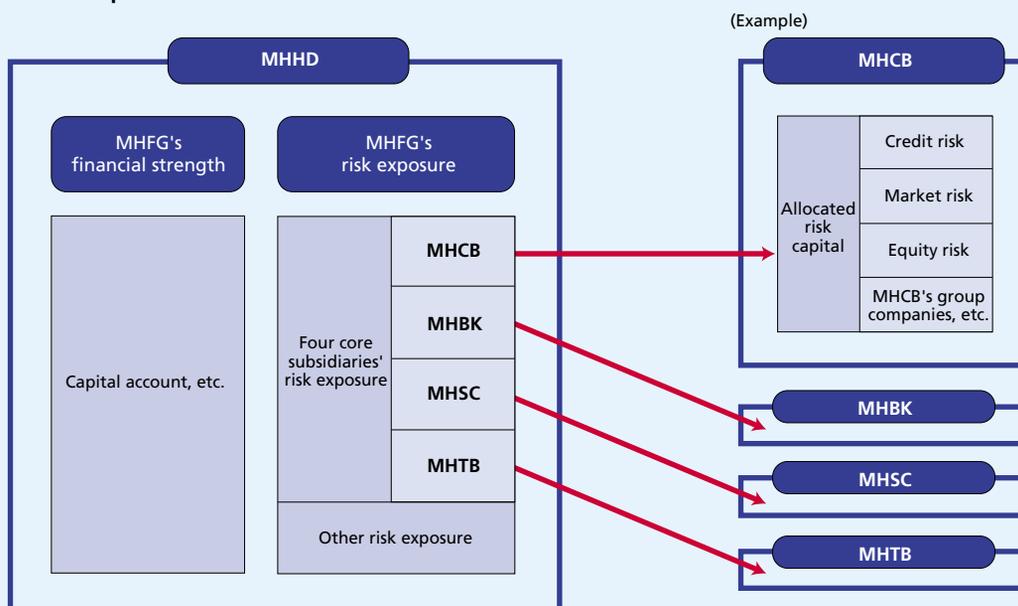
### ● Risk Capital Allocation

We have introduced an integrated risk management framework as a means of obtaining the clearest possible grasp of the group's overall risk exposure. We have also initiated measures to keep such risk within the group's financial base.

More specifically, MHHD allocates risk capital to the four core subsidiaries, covering their own group companies, in accordance with applications from the four core subsidiaries, to control risk within the limits set for each company. We also control risk within managerially tolerable limits by working to ensure that the overall risk borne 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, MHHD and the four core subsidiaries, we regularly monitor how 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, as well as the Executive Management Committee and the Business Policy Committee of each company.

#### Allocation of Risk Capital



\* Including risk exposure of the group companies of the four core subsidiaries.

## Credit Risk Management

### ● Basic Approach

We define credit risk as a financial institution'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 standing of the counterparties involved. This first approach is primarily the responsibility of the four core subsidiaries. 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 four core subsidiaries as well as MHHD, which has group-wide accountability.

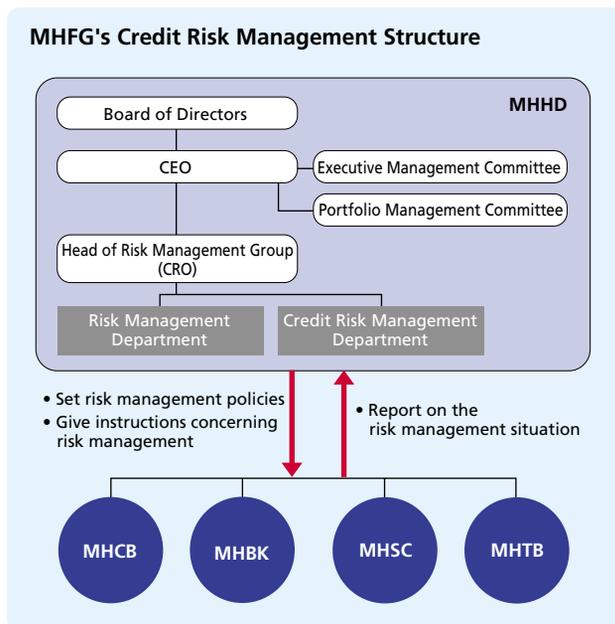
### ● Credit Risk Management Structure

The Board of Directors of MHHD determines the most important matters pertaining to credit risk in accordance with our credit risk management policy. Also, as one of the business policy committees, the Portfolio Management Committee was established to discuss and coordinate overall credit portfolio management for MHFG. The Risk Management Department and the Credit Risk Management Department, both of which are under the responsibility of the Chief Risk Officer (CRO), jointly formulate and execute plans in connection with basic matters relating to credit risk management.

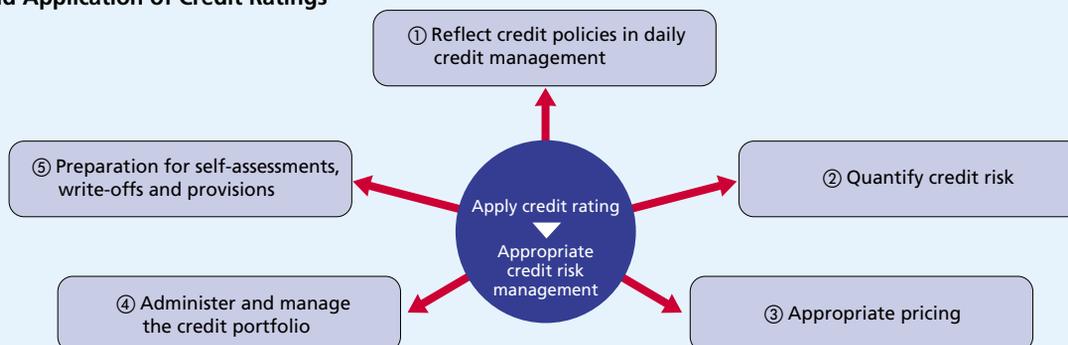
Of the four core subsidiaries, MHCB and MHBK have adopted a credit risk management framework in conformance with MHFG's uniform credit risk management policy.

In addition to establishing credit risk management divisions with the functions of managing credit exposure and measuring and monitoring credit risk, they have set up independent credit review divisions to provide checks and balances. Individual transactions are approved through lines of authority that conform to the above-mentioned basic policies.

MHCB and MHBK use the unified credit rating system and credit risk measurement tools to ascertain and monitor the



### Aims and Application of Credit Ratings



status of their portfolios, and manage them within credit limits. They are also improving their credit decisions and post-transaction management functions by assessing individual transactions from these viewpoints, auditing the results of self-assessments and providing risk management guidance to individual branches.

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

MHHD manages its four core subsidiaries based on its credit risk management policy. After obtaining an overall picture of the group's risk profile from reports submitted by the four core subsidiaries, it adopts whatever measures it may deem necessary.

One of the most important elements of our risk management is to follow objective indications of a customer's credit-worthiness through our credit rating system. We determine a customer's credit rating using quantitative financial assessments as well as qualitative judgments such as the assessment on the customer's strength in its business.

Our new unified credit ratings system provides integrated coverage of companies ranging from large corporations to small and medium-sized, and middle market enterprises, and takes ample steps to ensure consistency with the ratings of external rating agencies and borrower classifications.

## ● Portfolio Management Structure

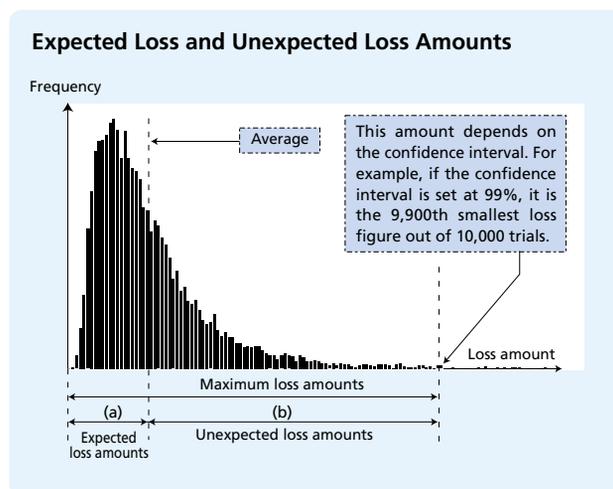
Portfolio-based credit risk management uses statistical methods to calculate the possibility that our credit portfolio may generate bad debt losses. There are two key figures. "Expected loss" is the average amount of loss forecast for the next 12 months. "Unexpected loss" is the maximum excess amount 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.

In practice, credit portfolio management involves monitoring concentration risk and, where necessary, setting credit limits to curtail any increase in "Unexpected loss" arising from granting too much credit to certain individual counter-

parties or corporate groupings. It also involves monitoring of credit concentration in certain industrial sectors, geographical areas or countries to avoid any deterioration in the credit standing of transactions caused by economic fluctuations that may lead to an increase in "Unexpected loss." Credit limits are set where necessary.

Credit portfolio management as mentioned above is the responsibility of MHCB and MHBK in principle, but MHHD also monitors and manages the group's entire credit portfolio.



## Market and Liquidity Risk Management

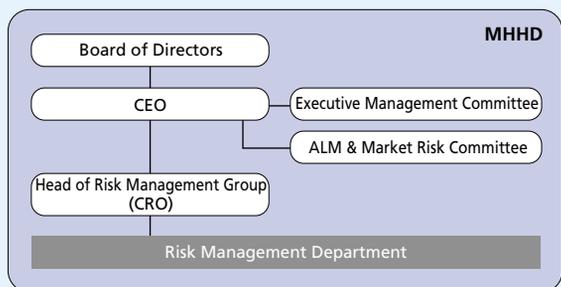
### Basic Approach

We define market risk as the risk that the company could incur losses because of changes in the value of assets and liabilities (including off-balance-sheet assets) caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices. In our definition, it 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 extremely less favorable than usual (market liquidity risk).

We define liquidity risk as the risk of losses arising when the group faces funding difficulties because a 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.

MHHD manages market and liquidity risk for the group as a whole. More specifically, MHHD formulates basic market and liquidity risk management policies for the entire group, and the four core subsidiaries follow these policies in managing risk for themselves and companies belonging to their own groups. This system also allows MHHD to monitor and manage the overall market and liquidity risk management profile for the group.

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



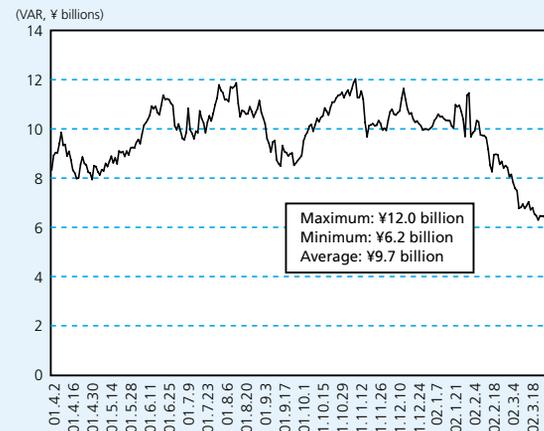
- Set risk management policies
- Approval of limits
- Give instructions concerning risk management
- Report on the risk management situation
- Applications for limits

### Market Risk Management Structure

MHHD's Board of Directors determines key matters pertaining to market risk management. 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.

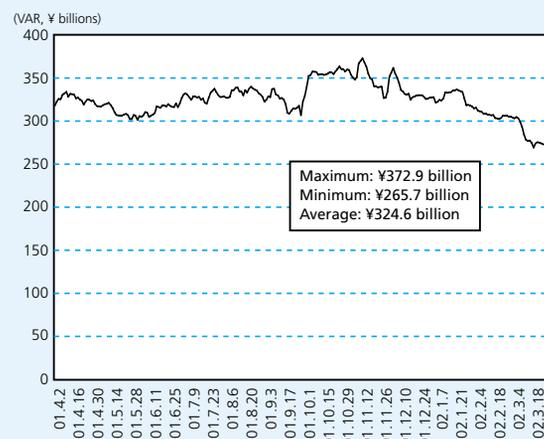
Specifically, the committee discusses and coordinates matters relating to basic ALM policies, risk planning, fund procurement and asset management, and market risk management, and proposes responses to emergencies such as sudden market changes.

#### VAR on Trading Activities in the Fiscal Year ended March 31, 2002



Quantitative standards used for calculating VAR  
 Confidence interval: one-tailed 99.0%  
 Holding period: 1 day  
 Historical observation period: 1 year

#### VAR on Banking Activities in the Fiscal Year ended March 31, 2002



Quantitative standards used for calculating VAR  
 Confidence interval: one-tailed 99.0%  
 Holding period: 1 month  
 Historical observation period: 1 year

The CRO is responsible for matters relating to market risk management planning and operations.

The Risk Management Department is responsible for monitoring market risk, reports and analyses, proposals, setting limits and guidelines, and for formulating and implementing plans relating to market risk management.

The four core subsidiaries have established risk management divisions according to the scale and nature of their market risk exposures to manage them at the individual company level. In addition to that, specialized risk management sections (middle offices) are set up at each of the offices that engage in trading.

MHHD's Risk Management Department receives necessary data and reports on the status of market risk, including compliance with risk limits, from the four core subsidiaries. Based on this information, it obtains a solid grasp of the market risk management situation and submits reports to the CEO on a daily basis, and to the Board of Directors and the Executive Management Committee, both on a regular basis and as deemed necessary.

We manage market risk using Value at Risk (VAR) as our principal measuring tool, supplementing it with stress testing. In fiscal 2001, VAR on trading activities averaged ¥9.7 billion (confidence interval: one-tailed 99.0%; holding period: one day), ranging from a minimum of ¥6.2 billion to a maximum of ¥12.0 billion. VAR on banking activities (excluding cross shareholdings) averaged ¥324.6 billion (confidence interval: one-tailed 99.0%; holding period: one month), ranging from a minimum of ¥265.7 billion to a maximum of ¥372.9 billion.

With regard to interest rate risk, which constitutes the main form of market risk on banks' market activities, we conduct interest rate sensitivity analyses as well as VAR measurements. The following table depicts the interest rate sensitivity of the yen currency banking operations, by maturity, of the principal offices of the three banks (DKB, Fuji Bank and IBJ) as of the end of fiscal 2001. 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.

To manage market risk, limits that correspond to risk capital allocations are set according to the nature of the various businesses in which the four core subsidiaries engage. For trading activities, limits are set for VAR and for losses. For non-trading activities such as banking operations, where necessary, limits are set for VAR and for losses. Position limits based on interest rate sensitivity are also set where necessary.

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

Market liquidity risk is monitored and managed using the most-suitable methods available for each type of financial instrument.

### Glossary

#### VAR (Value at Risk)

VAR is one of several methods used to measure 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 period and the confidence interval, as well as the models used for measuring the volatility of market risk factors.

#### BPV (Basis Point Value)

This index of interest rate sensitivity shows the extent to which the value (net present value) of a position increases or decreases when interest rate levels change by 1 basis point (0.01%). Normally, ceilings are set for each interest rate-related position limit in order to allow finely-tuned management of positions.

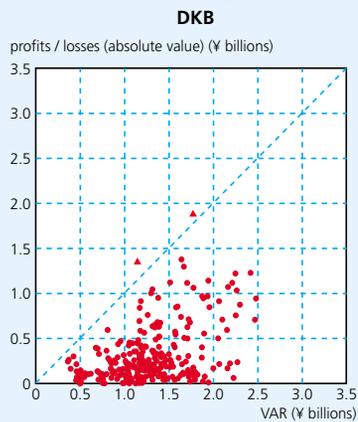
### Fiscal 2001 Interest Rate Sensitivity by Maturity (Aggregated figures of the three banks)

At March 31, 2002

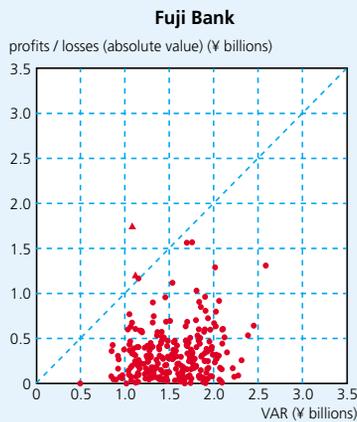
Billions of yen

	1 year or less	(Over 1 year, up to and including 5 years)	Over 5 years	Total
Interest rate sensitivity (10BPV)	(1)	(38)	(26)	(65)

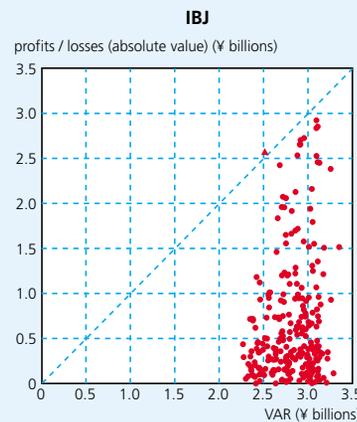
**Fiscal 2001 Back Testing**



Notes 1. Including major subsidiaries managed by the bank.  
 2. Profits / losses is actual basis.



Notes 1. Including major subsidiaries managed by the bank.  
 2. Profits / losses is actual basis.



Notes 1. Including major subsidiaries managed by the bank.  
 2. Profits / losses is assumptive basis.

**Back Testing**

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

The above graphs depict daily VAR on the trading activities of the three banks in fiscal 2001, 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 exceeded VAR. The distribution for the excess ratio under the internal VAR measurement model is centered around 2% (100% - (both sides of the confidence interval) 98%). There were 1-3 cases where profits / losses exceeded VAR during the period, yielding an excess ratio of 0.4% - 1.2%. We believe this confirms that our internal models are sufficiently accurate in measuring each bank's market risk exposure.

**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

during the period longer than ten years, and another that calculates losses on the basis of market fluctuations during historical market events.

The lower left table shows the results of stress testing at the end of fiscal 2001.

**Liquidity Risk Management Structure**

Our liquidity risk management structure is fundamentally the same as the market risk management structure described above. However, the head of the Financial Control and Accounting Group is additionally responsible for matters relating to planning and running cash flow management operations, while the ALM and Trading Planning Department 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.

We measure 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. MHFD's risk management policies have established classifications for the cash flow conditions affecting MHFG, ranging from "normal" to "cause for concern" and "critical," and has laid down response procedures for dealing with cases where conditions are deemed "cause for concern" or are "critical."

**Fiscal 2001 Stress Testing**

At March 31, 2002

Billions of yen

Assumed maximum losses	
Worst scenario (the largest fluctuations during the period longer than ten years)	17

## MHFG 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.

From the same standpoint, the Basel Committee on Banking Supervision is currently working on new BIS rules to include operational risk within capital adequacy guidelines along with market and credit risk.

We are actively pursuing more sophisticated operational risk management while participating in the international forum on new BIS rules.

We will further strengthen the management of operational risk of the entire group, seriously recognizing the major impact of operational risk that was illustrated in the recent computer systems problems at MHC B and MHBK.

### ● Overview of the Risk Management Structure

We have developed a risk management structure where MHHD draws up an operational risk management policy for use by the entire group, and the four core subsidiaries have in turn set out their own risk management policies based on MHHD's policy to manage their own risk and that of their group companies.

At MHHD, the Risk Management Department is responsible for quantitative management while the Operations Planning, the IT Systems & Planning and the Legal Affairs Departments are responsible for qualitative management of each specific risk. These departments are working closely together to promote various initiatives for the more sophisticated management of operational risk for the entire group.

At the four core subsidiaries, these departments are also working together in the same structure to manage the operational risk on a day-to-day basis.

We are currently developing a common loss database and several quantification models to be used in allocation of risk capital for the entire group, under clear understanding that quantification is a must for the more sophisticated management of operational risk.

## Management of Other Risks

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### Operations Risk Management

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

The computer systems problems and operational confusion that occurred in Japan at the time of the launching of MHC B and MHBK have reinforced our awareness 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 these reasons, we are working hard to build a management structure that is more attuned to the situation.

MHHD has drawn up the fundamental policy for operations risk management for use across the entire group, and the four core subsidiaries have in turn set out their own fundamental policy for managing operations risk in conformance with MHHD's policy. The four core subsidiaries report to MHHD 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.

### IT Risk Management

IT risk is the risk of being exposed 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.

Following the computer systems problems and operational confusion that occurred in Japan at the time of the launching of MHC B and MHBK, we have been doing everything in our power to minimize IT risk, strengthening our procedures for assessing systems development and launches, promoting standardization of project management, and drawing up effective contingency plans.

MHHD's IT & Systems Planning Department monitors IT risk for the entire group in line with the unified basic policy drawn up by MHHD as the basis for our IT risk management

framework. The head of the IT & Systems and Operations Group ascertains the sources, scale and nature of IT risk and after overall assessment and monitoring, submits reports to MHHD's CEO and other members of top management who then address the management issues involved and work to resolve them.

### **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 Department of the Audit and Compliance Group is responsible for the basic planning and administration of legal risk management.

MHHD has drawn up a basic policy which forms the foundations for legal risk management throughout the group. Legal risk management takes the form of legal checks in connection with management decisions, new products and new businesses, as well as 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 four core subsidiaries manages legal risk in accordance with MHHD's basic policy and submits applications and reports concerning prescribed matters to MHHD. The core subsidiaries also manage legal risk in accordance with the scale and nature of the legal risk exposures of their own group companies.

### **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 risk, 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 (CLSB) 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 slanders.

MHHD has drawn up rules for managing information associated with reputational risk and manages this kind of risk on behalf of the entire group. Each of the four core subsidiaries draws up its own rules for managing information associated with reputational risk in line with the holding company's rules, and monitors and manages the sources, scale and status of reputational risk.

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

### ● Basic Compliance Policy

We are acutely conscious of our social responsibilities and public mission at all times 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.

Sticking 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 MHHD.

- 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, we have established the Internal Audit & Compliance Committee, which is chaired by the CEO and includes Deputy Presidents and external specialists in legal and accounting matters among its members.

Moreover, we have established the Compliance Department under the head of the Audit and Compliance Group, who is a deputy president of MHHD. This department is responsible for compliance planning and implementation, and controls compliance management throughout MHFG.

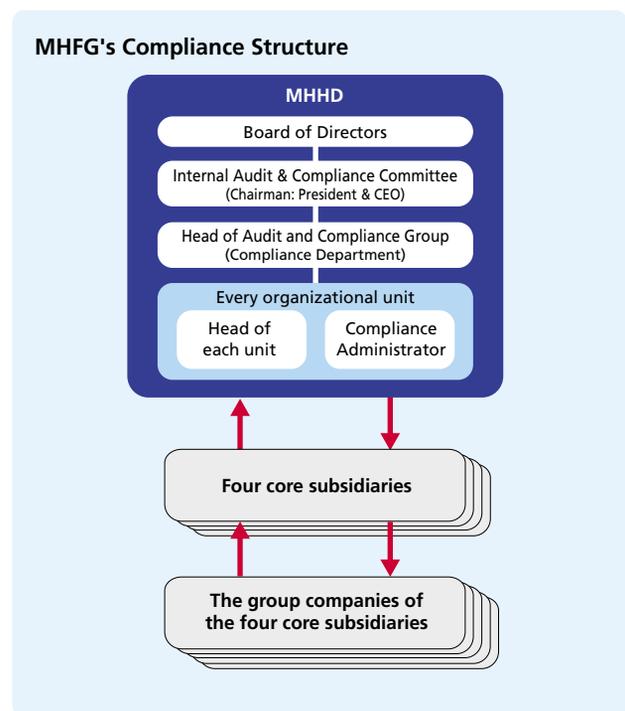
The head of every organizational unit within MHHD is responsible for guidance and implementation in connection with compliance, while compliance administrators are deployed to check the status of compliance.

MHHD monitors and manages the status of compliance throughout the group from reports submitted by the four core subsidiaries, and adopts appropriate responses whenever necessary. Compliance at group companies of the four core subsidiaries is monitored and managed through the core subsidiaries themselves.

### ● Compliance Activities

Furthermore, to realize the Basic Principles of the Consolidation, we have drawn up the Mizuho Code of Conduct, which establishes clear and concrete standards of ethical behavior. We have distributed it to all executives and employees of MHFG, and are doing all we can to ensure that they are fully acquainted with its contents and act in accordance with them.

We have prepared a compliance manual which clarifies the laws and regulations that each group company must observe in pursuing their business activities and the compliance activities they should follow. Each fiscal year, we also draw up a practical compliance program containing concrete measures for ensuring that compliance is thoroughly enforced.



### ● Basic Internal Audit Policies

Internal audits are designed to evaluate the appropriateness and effectiveness of internal control systems from a comprehensive and objective standpoint, and independently of the business divisions. Auditing is an integrated process that extends not only to providing remedial advice in connection with problems, but also follow-ups to see how the improvements are progressing.

Through the above integrated process, internal audits of MHFG are designed to contribute to the achievement and maintenance of internal control objectives—appropriate risk management, efficient and effective business operations, reliable financial reporting, and compliance with laws, regulations and corporate standards—thereby assisting 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

MHHD provides centralized assessment and management of the execution of internal audits in the four core subsidiaries.

The latter have established their own management systems for internal audits in line with the basic policies laid down by MHHD, as well as management systems for their own group companies. They also submit reports to MHHD on the results of audits and the status of follow-up steps to deal with problems.

After the Internal Audit & Compliance Committee discusses the results of internal audits and checks on the internal control systems of the four subsidiaries, as well as important matters pertaining to group internal audits, and reaches decisions thereon, reports are submitted to the Board of Directors.

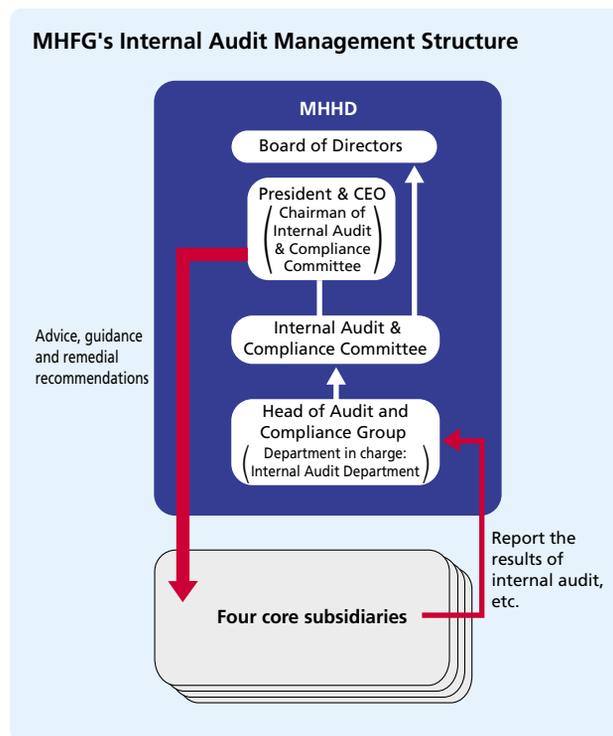
Further, in light of the computer systems problems and operational confusion that occurred in Japan at the time of the launching of MHCB and MHBK, we are working even harder to improve the quality of internal audits for the entire group.

### ● MHHD's Internal Audit Management Structure

Under the management of the head of MHHD's Audit and Compliance Group, the Internal Audit Department supervises audits for the entire group. More specifically, based on reports submitted by the four core subsidiaries, MHHD carefully examines whether the internal audits they conduct are appropriate in terms of structure, methodologies and depth, and whether the internal control systems adopted by the core subsidiaries for themselves and their own group companies are effective. Where necessary, it prepares advice, guidance and remedial recommendations for the four core subsidiaries to act on.

The Internal Audit Department also conducts internal audits of MHHD, and the results are reported to the Board of Directors after going through the Internal Audit & Compliance Committee. This ensures that checks and balances are in place to confirm that the holding company is fulfilling its core duties in the area of business management in a fair and appropriate manner.

**MHFG's Internal Audit Management Structure**



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## **74** *Financial Analysis of Mizuho*

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Financial Analysis of Mizuho  
**Key Indicators of Mizuho Holdings**

● **Key Indicators of Consolidated Performance**

For the Fiscal Years ended March 31	Billions of yen	
	2002	2001
Total Income	¥ 5,315.5	¥ 5,913.7
Net Income (Loss)	(976.0)	211.2
Total Shareholders' Equity	4,731.4	6,254.2
Total Assets	151,312.4	163,455.4
Deposits	85,606.2	80,176.4
Debentures	15,310.8	17,848.2
Loans and Bills Discounted	84,593.6	92,286.7
Securities	24,108.9	28,062.5
Total Shareholders' Equity per Share (Yen) (Note 1)	295,093.14	450,667.56
Net Income (Loss) per Share (Yen) (Note 2)	(108,003.27)	20,524.13
Net Income (Loss) per Share Assuming Dilution (Yen) (Note 3)	—	20,109.99
Risk-based Capital Ratio (BIS Capital Ratio)	10.56%	11.39%
Net Return on Equity	(28.8)%	4.5%
PER (Times) (Note 3)	— x	34.34x
Cash Flows from Operating Activities	6,776.4	2,918.7
Cash Flows from Investing Activities	1,530.7	(3,362.1)
Cash Flows from Financing Activities	(697.4)	(334.7)
Cash and Cash Equivalent at the End of the Year	9,847.3	2,219.8

Notes: 1. Total Shareholders' Equity per Share: (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. "Net Income (Loss) per Share Assuming Dilution" and "PER" for the fiscal year ended March 31, 2002 is not required to disclose due to Net Loss.

## Key Indicators of Non-Consolidated Performance

Billions of yen

For the Fiscal Years ended March 31	2002	2001																																																																																				
Operating Income	¥ 123.0	¥ 114.0																																																																																				
Net Income	98.5	97.7																																																																																				
Common Stock and Preferred Stock	2,572.0	2,572.0																																																																																				
Number of Shares Issued and Outstanding	<table border="0"> <tr> <td>Common Shares</td> <td>9,430,250.71 shares</td> <td>Common Shares</td> <td>9,205,856.53 shares</td> </tr> <tr> <td>First Series Class I Preferred Shares</td> <td>33,000 shares</td> <td>First Series Class I Preferred Share</td> <td>33,000 shares</td> </tr> <tr> <td>Second Series Class II Preferred Shares</td> <td>100,000 shares</td> <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> <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> <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> <td>Fifth Series Class V Preferred Shares</td> <td>52,411 shares</td> </tr> <tr> <td>Seventh Series Class VII Preferred Shares</td> <td>125,000 shares</td> <td>Sixth Series Class VI Preferred Shares</td> <td>150,000 shares</td> </tr> <tr> <td>Eighth Series Class VIII Preferred Shares</td> <td>125,000 shares</td> <td>Seventh Series Class VII Preferred Shares</td> <td>125,000 shares</td> </tr> <tr> <td>Ninth Series Class IV Preferred Shares</td> <td>140,000 shares</td> <td>Eighth Series Class VIII Preferred Shares</td> <td>125,000 shares</td> </tr> <tr> <td>Tenth Series Class X Preferred Shares</td> <td>140,000 shares</td> <td>Ninth Series Class IV Preferred Shares</td> <td>140,000 shares</td> </tr> <tr> <td></td> <td></td> <td>Tenth Series Class X Preferred Shares</td> <td>140,000 shares</td> </tr> </table>	Common Shares	9,430,250.71 shares	Common Shares	9,205,856.53 shares	First Series Class I Preferred Shares	33,000 shares	First Series Class I Preferred Share	33,000 shares	Second Series Class II Preferred Shares	100,000 shares	Second Series Class II Preferred Shares	100,000 shares	Third Series Class III Preferred Shares	100,000 shares	Third Series Class III Preferred Shares	100,000 shares	Fourth Series Class IV Preferred Shares	150,000 shares	Fourth Series Class IV Preferred Shares	150,000 shares	Sixth Series Class VI Preferred Shares	150,000 shares	Fifth Series Class V Preferred Shares	52,411 shares	Seventh Series Class VII Preferred Shares	125,000 shares	Sixth Series Class VI Preferred Shares	150,000 shares	Eighth Series Class VIII Preferred Shares	125,000 shares	Seventh Series Class VII Preferred Shares	125,000 shares	Ninth Series Class IV Preferred Shares	140,000 shares	Eighth Series Class VIII Preferred Shares	125,000 shares	Tenth Series Class X Preferred Shares	140,000 shares	Ninth Series Class IV Preferred Shares	140,000 shares			Tenth Series Class X Preferred Shares	140,000 shares																																									
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Total Shareholders' Equity	6,616.4	6,561.4																																																																																				
Total Assets	7,467.7	7,412.6																																																																																				
Total Shareholders' Equity per Share (Yen) <sup>(Note 1)</sup>	494,962.03	483,949.97																																																																																				
Dividend per Share of Common Stock	Common Shares 3,500	Common Shares 7,000																																																																																				
(Interim dividends per share) (Yen) <sup>(Note 2)</sup>	<table border="0"> <tr> <td>First Series Class I Preferred Shares</td> <td>22,500</td> <td>First Series Class I Preferred Shares</td> <td>22,500</td> </tr> <tr> <td>Second Series Class II Preferred Shares</td> <td>8,200</td> <td>Second Series Class II Preferred Shares</td> <td>8,200</td> </tr> <tr> <td>Third Series Class III Preferred Shares</td> <td>14,000</td> <td>Third Series Class III Preferred Shares</td> <td>14,000</td> </tr> <tr> <td>Fourth Series Class IV Preferred Shares</td> <td>47,600</td> <td>Fourth Series Class IV Preferred Shares</td> <td>47,600</td> </tr> <tr> <td>Fifth Series Class V Preferred Shares</td> <td>—</td> <td>Fifth Series Class V Preferred Shares</td> <td>7,500</td> </tr> <tr> <td>Sixth Series Class VI Preferred Shares</td> <td>42,000</td> <td>Sixth Series Class VI Preferred Shares</td> <td>42,000</td> </tr> <tr> <td>Seventh Series Class VII Preferred Shares</td> <td>11,000</td> <td>Seventh Series Class VII Preferred Shares</td> <td>11,000</td> </tr> <tr> <td>Eighth Series Class VIII Preferred Shares</td> <td>8,000</td> <td>Eighth Series Class VIII Preferred Shares</td> <td>8,000</td> </tr> <tr> <td>Ninth Series Class IX Preferred Shares</td> <td>17,500</td> <td>Ninth Series Class IX Preferred Shares</td> <td>17,500</td> </tr> <tr> <td>Tenth Series Class X Preferred Shares</td> <td>5,380</td> <td>Tenth Series Class X Preferred Shares</td> <td>5,380</td> </tr> <tr> <td>Common Shares</td> <td>—</td> <td>Common Shares</td> <td>3,500</td> </tr> <tr> <td>First Series Class I Preferred Shares</td> <td>—</td> <td>First Series Class I Preferred Shares</td> <td>11,250</td> </tr> <tr> <td>Second Series Class II Preferred Shares</td> <td>—</td> <td>Second Series Class II Preferred Shares</td> <td>4,100</td> </tr> <tr> <td>Third Series Class III Preferred Shares</td> <td>—</td> <td>Third Series Class III Preferred Shares</td> <td>7,000</td> </tr> <tr> <td>Fourth Series Class IV Preferred Shares</td> <td>—</td> <td>Fourth Series Class IV Preferred Shares</td> <td>23,800</td> </tr> <tr> <td>Fifth Series Class V Preferred Shares</td> <td>—</td> <td>Fifth Series Class V Preferred Shares</td> <td>3,750</td> </tr> <tr> <td>Sixth Series Class VI Preferred Shares</td> <td>—</td> <td>Sixth Series Class VI Preferred Shares</td> <td>21,000</td> </tr> <tr> <td>Seventh Series Class VII Preferred Shares</td> <td>—</td> <td>Seventh Series Class VII Preferred Shares</td> <td>5,500</td> </tr> <tr> <td>Eighth Series Class VIII Preferred Shares</td> <td>—</td> <td>Eighth Series Class VIII Preferred Shares</td> <td>4,000</td> </tr> <tr> <td>Ninth Series Class IX Preferred Shares</td> <td>—</td> <td>Ninth Series Class IX Preferred Shares</td> <td>8,750</td> </tr> <tr> <td>Tenth Series Class X Preferred Shares</td> <td>—</td> <td>Tenth Series Class X Preferred Shares</td> <td>2,690</td> </tr> </table>	First Series Class I Preferred Shares	22,500	First Series Class I Preferred Shares	22,500	Second Series Class II Preferred Shares	8,200	Second Series Class II Preferred Shares	8,200	Third Series Class III Preferred Shares	14,000	Third Series Class III Preferred Shares	14,000	Fourth Series Class IV Preferred Shares	47,600	Fourth Series Class IV Preferred Shares	47,600	Fifth Series Class V Preferred Shares	—	Fifth Series Class V Preferred Shares	7,500	Sixth Series Class VI Preferred Shares	42,000	Sixth Series Class VI Preferred Shares	42,000	Seventh Series Class VII Preferred Shares	11,000	Seventh Series Class VII Preferred Shares	11,000	Eighth Series Class VIII Preferred Shares	8,000	Eighth Series Class VIII Preferred Shares	8,000	Ninth Series Class IX Preferred Shares	17,500	Ninth Series Class IX Preferred Shares	17,500	Tenth Series Class X Preferred Shares	5,380	Tenth Series Class X Preferred Shares	5,380	Common Shares	—	Common Shares	3,500	First Series Class I Preferred Shares	—	First Series Class I Preferred Shares	11,250	Second Series Class II Preferred Shares	—	Second Series Class II Preferred Shares	4,100	Third Series Class III Preferred Shares	—	Third Series Class III Preferred Shares	7,000	Fourth Series Class IV Preferred Shares	—	Fourth Series Class IV Preferred Shares	23,800	Fifth Series Class V Preferred Shares	—	Fifth Series Class V Preferred Shares	3,750	Sixth Series Class VI Preferred Shares	—	Sixth Series Class VI Preferred Shares	21,000	Seventh Series Class VII Preferred Shares	—	Seventh Series Class VII Preferred Shares	5,500	Eighth Series Class VIII Preferred Shares	—	Eighth Series Class VIII Preferred Shares	4,000	Ninth Series Class IX Preferred Shares	—	Ninth Series Class IX Preferred Shares	8,750	Tenth Series Class X Preferred Shares	—	Tenth Series Class X Preferred Shares	2,690	
First Series Class I Preferred Shares	22,500	First Series Class I Preferred Shares	22,500																																																																																			
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Tenth Series Class X Preferred Shares	—	Tenth Series Class X Preferred Shares	2,690																																																																																			
Net Income per Share of Common Stock (Yen) <sup>(Note 3)</sup>	8,286.55	9,404.65																																																																																				
Net Income per Share Assuming Dilution (Yen)	8,161.61	9,218.80																																																																																				
PER (Times)	36.44 x	74.96x																																																																																				
Dividend Propensity <sup>(Note 4)</sup>	43.09%	37.21%																																																																																				

Notes: 1. Total Shareholders' Equity per Share: (Total Shareholders' Equity – Shares of Preferred Stock x Issued Value) / Shares of Common Stock.

2. With regard to Dividends per Share of Common Stock, "Stock Transfer Payments" were paid to shareholders of common stock of DKB, Fuji Bank and IJ as of September 27, 2000 instead of interim cash dividends for fiscal 2000. The figures mentioned for interim dividends per share comprise said "Stock Transfer Payments."

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

4. Dividend Propensity: Cash Dividends Declared (Common Stock) / (Net Income – Cash Dividends Declared (Preferred Stock)). The Dividend Propensity does not include the abovementioned Stock Transfer Payments.

5. In computing "Per share information," Share of Common Stock excludes Treasury Stock for the fiscal year ended March 31, 2002.

## ● The Financial and Economic Environment

### The Economic Conditions in Japan and Overseas

Looking at global economic conditions in the fiscal year ended March 31, 2002 ("fiscal 2001"), the U.S. economy was affected by downward pressures, especially after the simultaneous terrorist attacks on New York and Washington on September 11, 2001. However, as a result of progress in adjustments centered on the corporate sector, signs of a gradual recovery began to appear. In Asia, a turnaround in the export environment helped the economy to bottom out, while the economies of Europe also appeared to be heading towards a gradual recovery. In Japan, however, the economy continued to deteriorate as the impact of a substantial decline in production activity rippled out to employment and incomes. The outlook for the Japanese economy became even more uncertain as the decline in capital expenditures was compounded by weak housing investment and sluggish individual consumption.

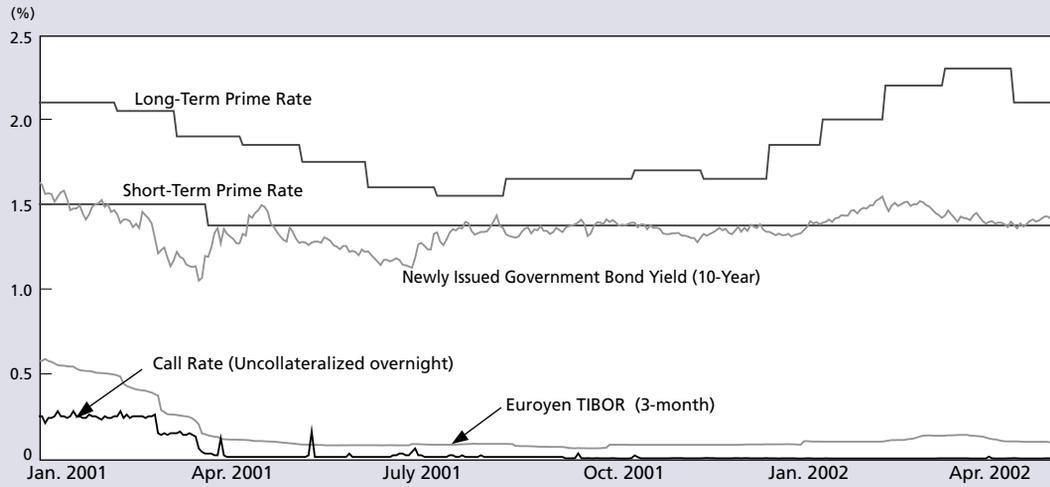
In light of the economic environment, the Bank of Japan ("BOJ") loosened monetary policy still further in August 2001, and lowered the official discount rate again the following month. Meanwhile, the government demonstrated its determination to pursue structural reforms by announcing its Structural Reform Schedule in September and its Front-Loaded Reform Program in October. In February 2002, it announced its Countermeasures to Deflation. Although conditions in the Japanese economy remained severe, these policy responses and the beginnings of a recovery phase in the global economy resulted in signs that the decline was coming to a halt in certain sectors.

### The Financial Markets and the Financial Sector

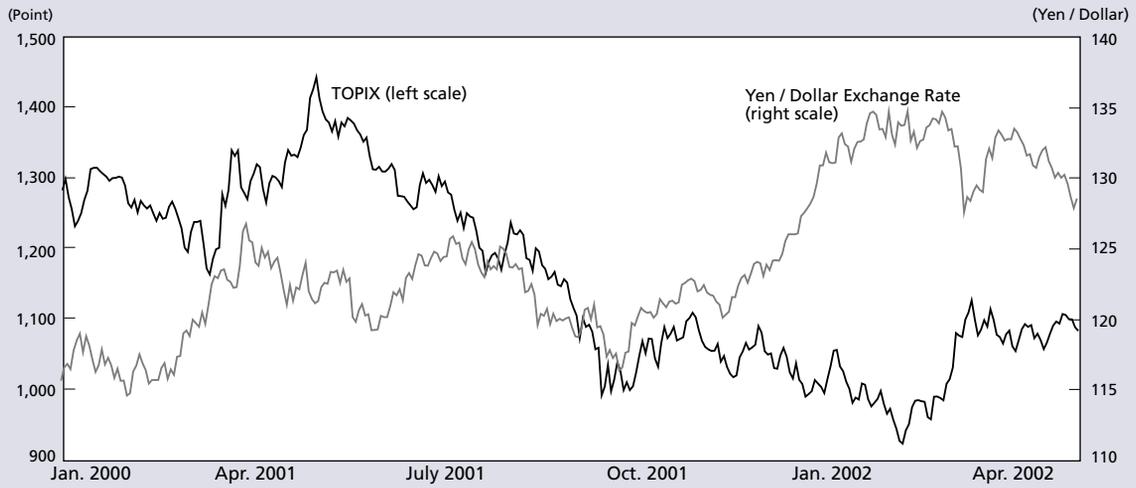
Looking back at the financial markets in fiscal 2001, yields on long-term Japanese government bonds ("JGBs") remained relatively stable at around 1.4%. The sluggishness affecting the stock market was extremely severe, but from March 2002, there were signs of a gradual upswing. In the foreign exchange market, the yen weakened against the dollar for a while, falling to around ¥135=US\$1 before experiencing a fairly rapid correction.

Meanwhile, the environment affecting the management of financial institutions remained severe in the face of rising corporate bankruptcies and weakness in the stock market. The government asked the major banks to dispose of their non-performing loans ("NPLs") within two to three years, and carried out special inspections. Then, following the passage of legislation restricting stock holdings by banks, the Banks' Shareholdings Purchase Corporation was established in January 2002. There have been a number of changes on the financial regulations. The ban on over-the-counter sales of insurance products at banks was lifted in April 2001, defined contribution pension plans were introduced in October 2001, and the ban on bank participation in the trust business was removed in February 2002. Amidst these changes, competition in the financial industry looks set to intensify as new consolidations and reorganizations take place and the influx of participants from non-financial sectors continues.

### Trends in Interest Rates in Japan



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



## Results for the Fiscal Year ended March 31, 2002

## ● Results for the Fiscal Year ended March 31, 2002

## Consolidated Accounts

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

At March 31	2002	2001	Change
Number of consolidated subsidiaries	171	290	(119)
Number of affiliates accounted for under the equity method	30	91	(61)

companies

The number of consolidated subsidiaries of Mizuho Holdings, Inc. ("MHHD") decreased by 119 to 171, and the number of affiliates accounted for under the equity method decreased by 61 to 30 from the end of previous fiscal year. The major consolidated subsidiaries are The Dai-ichi Kangyo Bank, Ltd. ("DKB"), The Fuji Bank, Ltd. ("Fuji Bank"), The Industrial Bank of Japan, Ltd. ("IBJ") (collectively, "the Three Banks"), Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. The major affiliates accounted for by the equity method were The Chiba Kogyo Bank, Ltd. and Shinko Securities Co., Ltd.

## 2. Consolidated Profits and Losses

For the Fiscal Years ended March 31	2002	2001	Change
<b>Consolidated Gross Profits</b>	<b>¥ 2,462.0</b>	<b>¥ 2,149.3</b>	<b>¥ 312.6</b>
Net Interest Income	1,527.6	1,353.9	173.6
Net Fiduciary Income	54.4	65.1	(10.6)
Net Fee and Commissions Income	501.0	427.9	73.1
Net Trading Income	178.8	156.5	22.3
Net Other Operating Income	199.9	145.8	54.1
General and Administrative Expenses	1,368.2	1,228.6	139.5
Credit-related Costs	2,487.6	851.9	1,635.6
Net Gains related to Stocks and Other Securities	116.7	515.0	(398.3)
Equity in Earnings (Losses) from Investment in Affiliates	(6.7)	18.0	(24.8)
Others	(141.2)	(121.7)	(19.4)
Income (Loss) before Income Taxes and Minority Interests	(1,425.1)	480.0	(1,905.2)
Income Taxes—Current	110.4	51.6	58.8
Income Taxes—Deferred	(545.9)	146.3	(692.2)
Minority Interests in Net Income (Loss)	(13.7)	70.8	(84.5)
<b>Net Income (Loss)</b>	<b>(976.0)</b>	<b>211.2</b>	<b>(1,187.3)</b>
<b>Net Income (Loss) per Share of Common Stock (Yen)</b>	<b>¥ (108,003.27)</b>	<b>¥ 20,524.13</b>	<b>¥ (128,527.40)</b>

Billions of yen

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

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

## (1) Consolidated Gross Profits

Consolidated Gross Profits increased by ¥312.6 billion to ¥2,462.0 billion in comparison with the previous fiscal year.

Net Interest Income increased by ¥173.6 billion to ¥1,527.6 billion, as a result of the improvement of money market activities, and other.

Net Fiduciary Income decreased by ¥10.6 billion to ¥54.4 billion.

Net Fee and Commissions Income rose by ¥73.1 billion to ¥501.0 billion, mainly reflecting the increase in commissions related to deposits, debentures and lending business.

Because of a rise in profits on derivatives for trading transactions, and other, Net Trading Income increased by ¥22.3 billion to ¥178.8 billion.

Net Other Operating Income increased by ¥54.1 billion to ¥199.9 billion.

## (2) General and Administrative Expenses

Because of higher expenses associated with the consolidation, General and Administrative Expenses increased by ¥139.5 billion from the previous fiscal year to ¥1,368.2 billion.

### (3) Credit-related Costs

In light of the current economic environment and recent trends in corporate performance, final disposals of non-performing loans were accelerated and the strictest ever self-assessments were carried out. As a result, Credit-related Costs increased by ¥1,635.6 billion to ¥2,487.6 billion.

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

Active efforts to unwind cross shareholdings continued, but because of Losses on Devaluation of Stocks and Other Securities against the background of declining stock prices, Net Gains Related to Stocks and Other Securities decreased by ¥398.3 billion to ¥116.7 billion.

### (5) Net Income (Loss)

As a result of the above, Loss before Income Taxes and Minority Interests amounted to ¥1,425.1 billion after accounting for General and Administrative Expenses, Credit-related Costs, and others.

Net Income fell by ¥1,187.3 billion and become Net Loss of ¥976.0 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	Billions of yen					
	Average balance			Yield		
	2002	2001	Change	2002	2001	Change
<b>Use of Funds</b>	<b>¥ 130,664.1</b>	<b>¥ 129,208.3</b>	<b>¥ 1,455.7</b>	<b>2.31%</b>	<b>2.71%</b>	<b>(0.40)%</b>
Due from Banks	3,724.3	3,157.1	567.2	2.84	4.36	(1.52)
Call Loans and Bills Purchased	1,886.3	3,773.6	(1,887.3)	0.88	9.08	(8.20)
Receivables under Resale Agreements	3,265.7	—	3,265.7	8.01	—	8.01
Securities	30,046.6	29,571.9	474.6	1.71	1.52	0.19
Loans and Bills Discounted	88,835.8	91,543.6	(2,707.7)	2.31	2.70	(0.39)
<b>Source of Funds</b>	<b>¥ 126,610.8</b>	<b>¥ 121,224.4</b>	<b>¥ 5,386.3</b>	<b>1.17%</b>	<b>1.76%</b>	<b>(0.59)%</b>
Deposits	81,877.5	76,960.1	4,917.3	0.61	1.06	(0.45)
Debentures	16,878.0	19,923.5	(3,045.5)	1.01	1.11	(0.10)
Call Money and Bills Sold	8,280.1	12,528.8	(4,248.6)	0.39	3.82	(3.43)
Payables under Repurchase Agreements	7,095.4	—	7,095.4	4.91	—	4.91
Commercial Paper	1,545.1	1,424.1	121.0	1.26	2.48	(1.22)
Borrowed Money	3,695.3	4,216.5	(521.1)	2.54	2.77	0.23

### Net Fee and Commission Income

For the Fiscal Years ended March 31	Billions of yen		
	2002	2001	Change
<b>Fee and Commission Income</b>	<b>¥ 544.2</b>	<b>¥ 513.1</b>	<b>¥ 31.0</b>
Deposits, Debentures and Lending Business	123.7	116.3	7.3
Remittance Business	115.8	114.8	1.0
Securities-related Business	85.1	78.3	6.8
Agency Business	41.1	30.6	10.4
Safe Custody and Safety Deposit Box Business	8.3	7.8	0.4
Guarantee Business	39.4	29.8	9.6
Trust-related Business	23.8	35.9	(12.1)
<b>Fee and Commission Expenses</b>	<b>¥ 43.1</b>	<b>¥ 85.2</b>	<b>¥ (42.1)</b>
Remittance Business	27.5	27.7	(0.1)

**Results for the Fiscal Year ended March 31, 2002****3. Consolidated Assets and Liabilities**

At March 31	Billions of yen		
	2002	2001	Change
<b>Total Assets</b>	<b>¥ 151,312.4</b>	<b>¥ 163,455.4</b>	<b>¥ (12,143.0)</b>
Cash and Due from Banks	11,720.1	5,011.2	6,708.9
Trading Assets	7,951.4	10,877.4	(2,926.0)
Securities	24,108.9	28,062.5	(3,953.6)
Loans and Bills Discounted	84,593.6	92,286.7	(7,693.1)
Other Assets	11,067.7	14,940.7	(3,872.9)
Customers' Liabilities for Acceptances and Guarantees	4,923.2	6,129.6	(1,206.3)
<b>Total Liabilities</b>	<b>145,629.9</b>	<b>156,449.2</b>	<b>(10,819.3)</b>
Deposits	85,606.2	80,176.4	5,429.7
Debentures	15,310.8	17,848.2	(2,537.3)
Call Money and Bills Sold	9,453.6	13,208.0	(3,754.3)
Other Liabilities	11,278.1	21,186.8	(9,908.6)
<b>Minority Interests</b>	<b>951.0</b>	<b>751.9</b>	<b>199.1</b>
<b>Shareholders' Equity</b>	<b>¥ 4,731.4</b>	<b>¥ 6,254.2</b>	<b>¥ (1,522.8)</b>

**(1) Assets**

Securities decreased by ¥3,953.6 billion from the end of the previous fiscal year to ¥24,108.9 billion. With regard to Other Unrealized Gains (Losses) on Other Securities (available for sale) at year-end, the downward trend in the stock market resulted in unrealized losses of ¥887.6 billion.

Loans and Bills Discounted at year-end fell by ¥7,693.1 billion to ¥84,593.6 billion. Non-Accrual, Past Due & Restructured Loans amounted to ¥5,467.2 billion, or 6.46% of total Loans and Bills Discounted.

Total Assets came to ¥151,312.4 billion.

**(2) Liabilities and Minority Interests**

Deposits increased by ¥5,429.7 billion from the end of the previous year to ¥85,606.2 billion.

Minority Interests increased by ¥199.1 billion to ¥951.0 billion.

### (3) Shareholders' Equity

Shareholders' Equity decreased by ¥1,522.8 billion from the end of the previous fiscal year to ¥4,731.4 billion, primarily because of the Net Loss posted.

The consolidated Risk-based Capital Ratio (BIS Capital Ratio) stood at 10.56%.

#### Risk-Based Capital Ratio (BIS Capital Ratio)

At March 31				Billions of yen
		2002	2001	Change
<b>BIS Capital Ratio</b>		<b>10.56%</b>	<b>11.39%</b>	<b>(0.83)%</b>
<b>Tier I Ratio</b>		<b>5.33%</b>	<b>5.97%</b>	<b>(0.64)%</b>
<b>Tier I</b>	<b>(A)</b>	<b>¥ 5,029.1</b>	<b>¥ 6,292.6</b>	<b>¥ (1,263.4)</b>
Capital Stock		2,572.0	2,570.1	1.8
Capital Surplus		2,203.7	2,203.7	—
Retained Earnings		46.1	1,063.8	(1,017.6)
Minority Interest in Consolidated Subsidiaries		952.6	738.0	214.5
Preferred Shares issued by overseas SPC		872.5	468.3	404.2
Unrealized Losses on Other Securities		(559.6)	—	(559.6)
Treasury Stock		(1.2)	/	(1.2)
Foreign Currency Translation Adjustments		(120.1)	(175.4)	55.2
Goodwill Equivalent		(0.0)	(0.0)	0.0
Consolidation Differences Equivalent		(64.2)	(107.7)	43.4
<b>Tier II</b>	<b>(B)</b>	<b>5,029.1</b>	<b>5,914.6</b>	<b>(885.5)</b>
45% of Unrealized Gains on Securities		—	—	—
45% of Revaluation Reserve for Premises		391.3	401.5	(10.2)
General Reserve for Possible Losses on Loans		953.4	780.7	172.6
Debt Capital		3,974.5	4,732.3	(757.8)
Perpetual Subordinated Debt		1,710.0	2,026.1	(316.1)
Subordinated Debt Redeemable Preferred Shares		2,264.5	2,706.1	(441.6)
<b>Deductions from Capital</b>	<b>(C)</b>	<b>98.3</b>	<b>202.3</b>	<b>(103.9)</b>
<b>Capital</b>	<b>(A)+(B)-(C)</b>	<b>¥ 9,959.9</b>	<b>¥ 12,004.9</b>	<b>¥ (2,045.0)</b>
<b>Risk-adjusted Assets</b>		<b>¥ 94,288.9</b>	<b>¥ 105,317.9</b>	<b>¥ (11,029.0)</b>
Assets Exposed to Credit Risk		93,276.7	104,190.8	(10,914.1)
On-balance-sheet Items		85,791.9	95,630.2	(9,838.3)
Off-balance-sheet Items		7,484.8	8,560.6	(1,075.7)
Market Risk Equivalent Divided by 8%		1,012.1	1,127.0	(114.8)
(Reference) Market Risk Equivalent		80.9	90.1	(9.1)

## Results for the Fiscal Year ended March 31, 2002

## Aggregated Figures of the Three Banks

The aggregated figures of the Three Banks are the sum of the non-consolidated results of DKB, Fuji Bank and IBJ.

Since the consolidated financial statements of MHHD are mainly made up of the Three Banks, the following table is prepared for the reader's information.

## 1. MHHD Consolidated Figures and Aggregated Figures of the Three Banks

## Differences between MHHD Figures and Aggregated Figures of the Three Banks

For the Fiscal Years ended March 31	Billions of yen							
	2002				2001			
	MHHD (Consolidated) (A)	Aggregated Figures of the Three Banks (B)	(A) – (B)	(B) / (A)	MHHD (Consolidated) (A)	Aggregated Figures of the Three Banks (B)	(A) – (B)	(B) / (A)
<b>Gross Profits</b>	<b>¥ 2,462.0</b>	<b>¥ 1,829.9</b>	<b>¥ 632.0</b>	<b>74.33%</b>	<b>¥ 2,149.3</b>	<b>¥ 1,639.4</b>	<b>¥ 509.8</b>	<b>76.28%</b>
Net Interest Income	1,527.6	1,335.2	192.3	87.41	1,353.9	1,194.8	159.1	88.25
Net Fiduciary Income	54.4	—	54.4	—	65.1	—	65.1	—
Net Fee and Commissions Income	501.0	231.6	269.4	46.23	427.9	234.7	193.1	54.86
Net Trading Income	178.8	118.5	60.3	66.28	156.5	107.1	49.3	68.47
Net Other Operating Income	199.9	144.4	55.5	72.21	145.8	102.6	43.1	70.41
Credit-related Costs	2,487.6	2,193.9	293.7	88.19	851.9	693.8	158.1	81.44
<b>Net Income (Loss)</b>	<b>(976.0)</b>	<b>(909.6)</b>	<b>(66.4)</b>	<b>93.20</b>	<b>211.2</b>	<b>202.6</b>	<b>8.6</b>	<b>95.91</b>
<b>Total Assets</b>	<b>151,312.4</b>	<b>140,985.9</b>	<b>10,326.4</b>	<b>93.18</b>	<b>163,455.4</b>	<b>148,971.4</b>	<b>14,484.0</b>	<b>91.14</b>
Loans and Bills Discounted	84,593.6	80,574.3	4,019.3	95.25	92,286.7	85,697.7	6,589.0	92.86
Securities	24,108.9	24,049.0	59.8	99.75	28,062.5	27,310.7	751.8	97.32

## 2. Profits and Losses

Aggregated Net Business Profits for the Three Banks (before General Provision for Possible Losses on Loans) rose by ¥175.2 billion from the previous year to ¥958.2 billion, primarily because of an increase in Net Interest Income.

While progress was made in unwinding cross shareholdings, Losses on Devaluation of Stocks and Other Securities resulting from efforts to reflect financial condition of the Three Banks more clearly caused Net losses related to Stocks and Other Securities of ¥73.4 billion.

Expenses Related to Portfolio Problems increased by ¥1,284.0 billion to ¥1,979.5 billion in comparison with the previous fiscal year. The primary reasons for the increase are loan write-offs and increased provisions based on our renewed rigorous self-assessments process as a result of our ongoing efforts to build a robust financial structure and accelerate our disposals of NPLs.

Net Income thus decreased by ¥1,112.2 billion from the previous fiscal year, resulting in Net Loss of ¥909.6 billion.

## Profits and Losses (Aggregated Figures of the Three Banks)

For the Fiscal Years ended March 31		Billions of yen		
		2002	2001	Change
Domestic Gross Profits		¥ 1,303.7	¥ 1,249.0	¥ 54.7
International Gross Profits		526.1	390.4	135.7
<b>Gross Profits</b>		<b>1,829.9</b>	<b>1,639.4</b>	<b>190.5</b>
Net Interest Income		1,335.2	1,194.8	140.4
Net Fee and Commissions Income		231.6	234.7	(3.1)
Net Trading Income		118.5	107.1	11.4
Net Other Operating Income		144.4	102.6	41.7
Net Gains related to Bonds		62.7	71.9	(9.1)
General and Administrative Expenses (Excluding Non-recurring Expenses)		871.7	856.4	15.2
<b>Net Business Profits (before Provision (Reversal) of General Reserve for Possible Losses on Loans)</b>		<b>958.2</b>	<b>782.9</b>	<b>175.2</b>
Excluding Net Gains related to Bonds		895.4	711.0	184.4
Provision (Reversal) of General Reserve for Possible Losses on Loans	(A)	214.3	(1.6)	216.0
<b>Net Business Profits</b>		<b>743.8</b>	<b>784.6</b>	<b>(40.7)</b>
Net Non-recurring Gains (Losses)		(2,211.4)	(469.2)	(1,742.1)
Net Gains (Losses) related to Stocks and Other Securities		(73.4)	321.5	(395.0)
Expenses related to Portfolio Problems	(B)	1,979.5	695.5	1,284.0
Others		(158.4)	(95.3)	(63.0)
<b>Income (Loss) before Income Taxes</b>		<b>(1,467.6)</b>	<b>315.3</b>	<b>(1,782.9)</b>
Income Taxes—Current		3.5	23.0	(19.5)
Income Taxes—Deferred		(561.4)	89.6	(651.1)
<b>Net Income (Loss)</b>		<b>¥ (909.6)</b>	<b>¥ 202.6</b>	<b>¥ (1,112.2)</b>
(Reference) Credit-related Costs	(A)+(B)	¥ 2,193.9	¥ 693.8	¥ 1,500.0

### ■ Gross Profits

Gross Profits increased by ¥190.5 billion to ¥1,829.9 billion in comparison with the previous year, primarily due to an increase of ¥140.4 billion in Net Interest Income.

### Breakdown of Gross Profits (Aggregated Figures of the Three Banks)

For the Fiscal Years ended March 31		Billions of yen		
		2002	2001	Change
<b>Net Interest Income</b>		<b>¥ 1,335.2</b>	<b>¥1,194.8</b>	<b>¥ 140.4</b>
Domestic Operations		1,108.2	1,064.5	43.7
International Operations		226.9	130.2	96.7
<b>Net Fee and Commissions Income</b>		<b>231.6</b>	<b>234.7</b>	<b>(3.1)</b>
Domestic Operations		156.6	156.7	(0.0)
International Operations		75.0	78.0	(3.0)
<b>Net Trading Income</b>		<b>118.5</b>	<b>107.1</b>	<b>11.4</b>
Domestic Operations		34.5	7.0	27.4
International Operations		84.0	100.1	(16.0)
<b>Net Other Operating Income</b>		<b>144.4</b>	<b>102.6</b>	<b>41.7</b>
Domestic Operations		4.2	20.6	(16.3)
International Operations		140.1	81.9	58.1
<b>Gross Profits</b>		<b>¥1,829.9</b>	<b>¥1,639.4</b>	<b>¥ 190.5</b>

## Results for the Fiscal Year ended March 31, 2002

**(1) Net Interest Income**

Because of a decline in market-related funding costs, Net Interest income increased by ¥140.4 billion from the previous fiscal year to ¥1,335.2 billion. Income from domestic operations rose by ¥43.7 billion to ¥1,108.2 billion, and the contribution from international operations increased by ¥96.7 billion to ¥226.9 billion.

**Breakdown of Investment Balance (Aggregated Figures of the Three Banks)**

For the Fiscal Years ended March 31	Average balance			Yield		
	2002	2001	Change	2002	2001	Change
Billions of yen						
<b>Total</b>						
<b>Use of Funds</b>	¥ 118,491.2	¥ 116,061.9	¥ 2,429.2	2.02%	2.44%	(0.42)%
Loans and Bills Discounted	82,752.1	84,440.4	(1,688.3)	2.08	2.49	(0.41)
Securities	26,728.1	24,685.7	2,042.4	1.84	1.78	0.06
<b>Source of Funds</b>	115,585.4	109,997.2	5,588.1	0.91	1.49	(0.58)
Deposits and Debentures	95,123.3	92,504.3	2,618.9	0.65	1.07	(0.42)
Interest Margins	/	/	/	1.11	0.95	0.16
Loan and Deposit Rate Margin (including Expenses)	/	/	/	1.43	1.42	0.01
<b>Domestic Operations</b>						
<b>Use of Funds</b>	96,404.9	95,008.9	1,396.0	1.47	1.67	(0.20)
Loans and Bills Discounted	70,154.7	71,981.3	(1,826.5)	1.68	1.86	(0.18)
Securities	20,822.1	20,023.0	799.1	0.94	0.95	(0.01)
<b>Source of Funds</b>	95,315.9	90,041.2	5,274.6	0.32	0.58	(0.26)
Deposits and Debentures	80,773.8	78,349.8	2,424.0	0.28	0.44	(0.16)
Interest Margins	/	/	/	1.15	1.09	0.06
Loan and Deposit Rate Margin (including Expenses)	/	/	/	1.40	1.42	(0.02)
<b>International Operations</b>						
<b>Use of Funds</b>	24,710.9	22,781.2	1,929.6	4.10	5.90	(1.80)
Loans and Bills Discounted	12,597.3	12,459.1	138.2	4.30	6.10	(1.80)
Securities	5,906.0	4,662.6	1,243.3	5.03	5.32	(0.29)
<b>Source of Funds</b>	22,894.1	21,684.2	1,209.9	3.43	5.60	(2.17)
Deposits and Debentures	14,349.4	14,154.5	194.8	2.74	4.57	(1.83)
Interest Margins	/	/	/	0.67	0.30	0.37
Loan and Deposit Rate Margin (including Expenses)	/	/	/	1.56	1.53	0.03

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

Net Fee and Commissions Income decreased by ¥3.1 billion to ¥231.6 billion.

**Breakdown of Net Fee and Commissions Income (Aggregated Figures of the Three Banks)**

For the Fiscal Years ended March 31	Billions of yen		
	2002	2001	Change
<b>Fee and Commissions Income</b>	¥ 333.3	¥ 329.8	¥ 3.4
Deposits, Debentures and Lending Business	95.5	86.7	8.7
Remittance Business	114.5	113.7	0.8
Securities-related Business	28.6	29.2	(0.6)
Agency Business	27.7	27.3	0.3
Safe Custody and Safety Deposit Box Business	6.5	6.4	0.1
Guarantee Business	22.8	20.7	2.1
<b>Fee and Commissions Expenses</b>	101.6	95.0	6.5
Remittance Business	28.7	29.0	(0.2)

### (3) Net Trading Income

Net Trading Income increased by ¥11.4 billion from the previous year to ¥118.5 billion.

### (4) Net Other Operating Income

Net Other Operating Income increased by ¥41.7 billion to ¥144.4 billion due to higher Profits on Foreign Exchange Transactions.

#### Breakdown of Net Other Operating Income (Aggregated Figures of the Three Banks)

For the Fiscal Years ended March 31	2002	2001	Change
<b>Total</b>	<b>¥ 144.4</b>	<b>¥ 102.6</b>	<b>¥ 41.7</b>
Profits on Foreign Exchange Transactions	91.1	29.7	61.4
Net Gains related to Bonds	62.7	71.9	(9.1)
<b>Domestic Operations</b>	<b>4.2</b>	<b>20.6</b>	<b>(16.3)</b>
Net Gains related to Bonds	4.7	12.6	(7.8)
<b>International Operations</b>	<b>140.1</b>	<b>81.9</b>	<b>58.1</b>
Profits on Foreign Exchange Transactions	91.1	29.7	61.4
Net Gains related to Bonds	58.0	59.3	(1.3)

#### ■ General and Administrative Expenses

Despite ongoing efforts to improve general management and increase efficiency, General and Administrative Expenses increased by ¥15.2 billion from the previous year to ¥871.7 billion as a result of higher Non-personnel Expenses relating to the consolidation.

Personnel Expenses decreased by ¥7.5 billion to ¥345.2 billion, primarily reflecting a reduction in the number of personnel resulting from the restructuring process.

Non-personnel Expenses increased by ¥20.7 billion to ¥479.6 billion, partly because of cost increases relating to the consolidation and deposit insurance premiums.

#### Breakdown of General and Administrative Expenses (Excluding Non-Recurring Expenses) (Aggregated Figures of the Three Banks)

For the Fiscal Years ended March 31	2002	2001	Change
<b>Personnel Expenses</b>	<b>¥ 345.2</b>	<b>¥ 352.8</b>	<b>¥ (7.5)</b>
Salaries and Remuneration	276.4	278.2	(1.7)
<b>Non-personnel Expenses</b>	<b>479.6</b>	<b>458.9</b>	<b>20.7</b>
Miscellaneous Taxes	46.7	44.6	2.1
<b>Total</b>	<b>¥ 871.7</b>	<b>¥ 856.4</b>	<b>¥ 15.2</b>

#### ■ Net Business Profits

Net Business Profits (before General Provision for Possible Losses on Loans) increased by ¥175.2 billion from the previous year to ¥958.2 billion.

By business segment, profit from the Wholesale segment increased by ¥49.6 to ¥478.0 billion, while profit from the ALM and Trading segment increased by ¥145.2 billion.

#### Net Business Profits by Business Segment (before Provision of General Reserve for Possible Losses on Loans) (Aggregated Figures of the Three Banks)

For the Fiscal Years ended March 31	2002	2001	Change
<b>Net Business Profits (before Provision (Reversal) of General Reserve for Possible Losses on Loans)</b>	<b>¥ 958.2</b>	<b>¥ 782.9</b>	<b>¥ 175.2</b>
Retail and Middle Market Business	205.3	216.2	(10.9)
Wholesale	478.0	428.4	49.6
Securities / Investment Banking / Trust / Asset Management, e-Business / Global Transaction Services	(1.2)	31.8	(33.0)
ALM and Trading	298.3	153.1	145.2

## Results for the Fiscal Year ended March 31, 2002

### ■ Net Non-Recurring Gains (Losses) and Net Income (Loss)

#### (1) Net Gains (Losses) related to Stocks and Other Securities

The Three Banks continued efforts to sell off stocks in line with the policies of reducing stock holding portfolios in order to improve the efficiency of asset investments and avert from price fluctuation risk. Therefore ¥335.4 billion in Losses on Devaluation of Stocks and Other Securities resulted from efforts to reflect financial condition of the Three Banks more clearly, caused to record Net Losses relating to Stocks and Other Securities of ¥73.4 billion.

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

Judging that it was essential to reflect the quality of assets more clearly on the financial statements as soon as possible and improve market credibility, management took drastic steps to apply more rigorous self-assessments and accelerated final disposals of NPLs which boosted Expenses related to Portfolio Problems by ¥1,284.0 billion to a total of ¥1,979.5 billion.

Expenses related to Portfolio Problems primarily consisted of Write-Offs of Claims of ¥1,083.2 billion and Provision of Specific Reserve for Possible Losses on Loans of ¥608.6 billion.

#### Breakdown of Net Non-Recurring Gains (Losses) (Aggregated Figures of the Three Banks)

For the Fiscal Years ended March 31	2002	2001	Change
			Billions of yen
<b>Net Gains (Losses) related to Stocks and Other Securities</b>	<b>¥ (73.4)</b>	<b>¥ 321.5</b>	<b>¥ (395.0)</b>
Gains on Sales of Stocks and Other Securities	299.7	578.0	(278.3)
Losses on Sales of Stocks and Other Securities	(38.8)	(46.6)	7.8
Losses on Devaluation of Stocks and Other Securities	(335.4)	(130.7)	(204.7)
Provision of Reserves for Possible Losses on Securities	(0.0)	(77.6)	77.6
Gains (Losses) on Derivatives other than for Trading	1.0	(1.4)	2.4
<b>Expenses related to Portfolio Problems</b>	<b>1,979.5</b>	<b>695.5</b>	<b>1,284.0</b>
Write-offs of Claims	1,083.2	266.7	816.5
Provision of Specific Reserve for Possible Losses on Loans	608.6	241.9	366.7
Losses on Sales of Loans to CCPC	54.9	34.0	20.9
Provision of Reserve for Possible Losses on Loans Sold	15.9	52.0	(36.0)
Losses on Support of Specific Borrowers	144.2	23.2	120.9
Provision of Reserve for Possible Losses on Support of Specific Borrowers	17.2	59.7	(42.4)
Provision of Reserve for Possible Losses on Loans to Restructuring Countries	5.2	(2.5)	7.8
Other Losses on Sales of Loans	49.9	20.4	29.5
<b>Others</b>	<b>(158.4)</b>	<b>(95.3)</b>	<b>(63.0)</b>
<b>Net Non-recurring Losses</b>	<b>¥ (2,211.4)</b>	<b>¥ (469.2)</b>	<b>¥ (1,742.1)</b>

#### (3) Income Taxes

Income Taxes - Current amounted to ¥3.5 billion, and Income Taxes – Deferred amounted to ¥(561.4) billion.

#### (4) Net Income (Loss)

Net Income thus decreased by ¥1,112.2 billion from the previous fiscal year, resulting in a Net Loss of ¥909.6 billion.

### 3. Assets and Liabilities

#### Assets and Liabilities (Aggregated Figures of the Three Banks)

At March 31	2002	2001	Billions of yen Change
<b>Total Assets</b>	<b>¥ 140,985.9</b>	<b>¥ 148,971.4</b>	<b>¥ (7,985.4)</b>
Cash and Due from Banks	11,385.9	4,847.2	6,538.6
Trading Assets	5,347.4	8,314.7	(2,967.2)
Securities	24,049.0	27,310.7	(3,261.7)
Loans and Bills Discounted	80,574.3	85,697.7	(5,123.3)
Other Assets	8,852.9	11,239.9	(2,386.9)
Customers' Liabilities for Acceptances and Guarantees	6,391.8	7,941.4	(1,549.6)
<b>Total Liabilities</b>	<b>135,908.1</b>	<b>142,356.8</b>	<b>(6,448.6)</b>
Deposits	82,484.9	75,923.6	6,561.2
Debentures	15,805.5	18,395.8	(2,590.2)
Call Money	7,437.0	10,208.9	(2,771.9)
Other Liabilities	8,907.8	16,420.2	(7,512.3)
Acceptances and Guarantees	6,391.8	7,941.4	(1,549.6)
<b>Shareholders' Equity</b>	<b>5,077.7</b>	<b>6,614.5</b>	<b>(1,536.7)</b>

#### (1) Assets

Total Assets decreased by ¥7,985.4 billion from the end of the previous fiscal year to ¥140,985.9 billion.

Securities decreased by ¥3,261.7 billion to ¥24,049.0 billion. This resulted primarily from adopting the mark-to-market method of accounting for Other Securities, effective in the current year, and from a reduction in stock portfolios. With regard to Unrealized Gains (Losses) on Other Securities at year-end, the downward trend in the stock market resulted in an increase of unrealized losses of ¥861.2 billion.

In addition to efforts to reduce interest-bearing debt centered on large enterprises, progress in disposing of NPLs meant that overall Loans and Bills Discounted fell by ¥5,123.3 billion from the previous year-end to ¥80,574.3 billion. Non-Accrual, Past Due and Restructured Loans amounted to ¥4,907.8 billion, or 6.09% of total Loans and Bills Discounted.

#### (2) Liabilities

Total Liabilities decreased by ¥6,448.6 billion from the end of the previous fiscal year to ¥135,908.1 billion.

Because of a rise in ordinary and other short-term deposits in advance of the partial introduction of the deposit insurance cap, total deposits increased by ¥6,561.2 billion to ¥82,484.9 billion in comparison with the end of the previous fiscal year.

Debentures decreased by ¥2,590.2 billion to ¥15,805.5 billion.

#### (3) Shareholders' Equity

Shareholders' Equity decreased by ¥1,536.7 billion from the end of the previous year to ¥5,077.7 billion, primarily because Retained Earnings declined as a result of the Net Loss.

## Disclosure of Asset Quality

The aggregated figures of the Three Banks are made up of the sum of the non-consolidated results of DKB, Fuji Bank and IBJ.

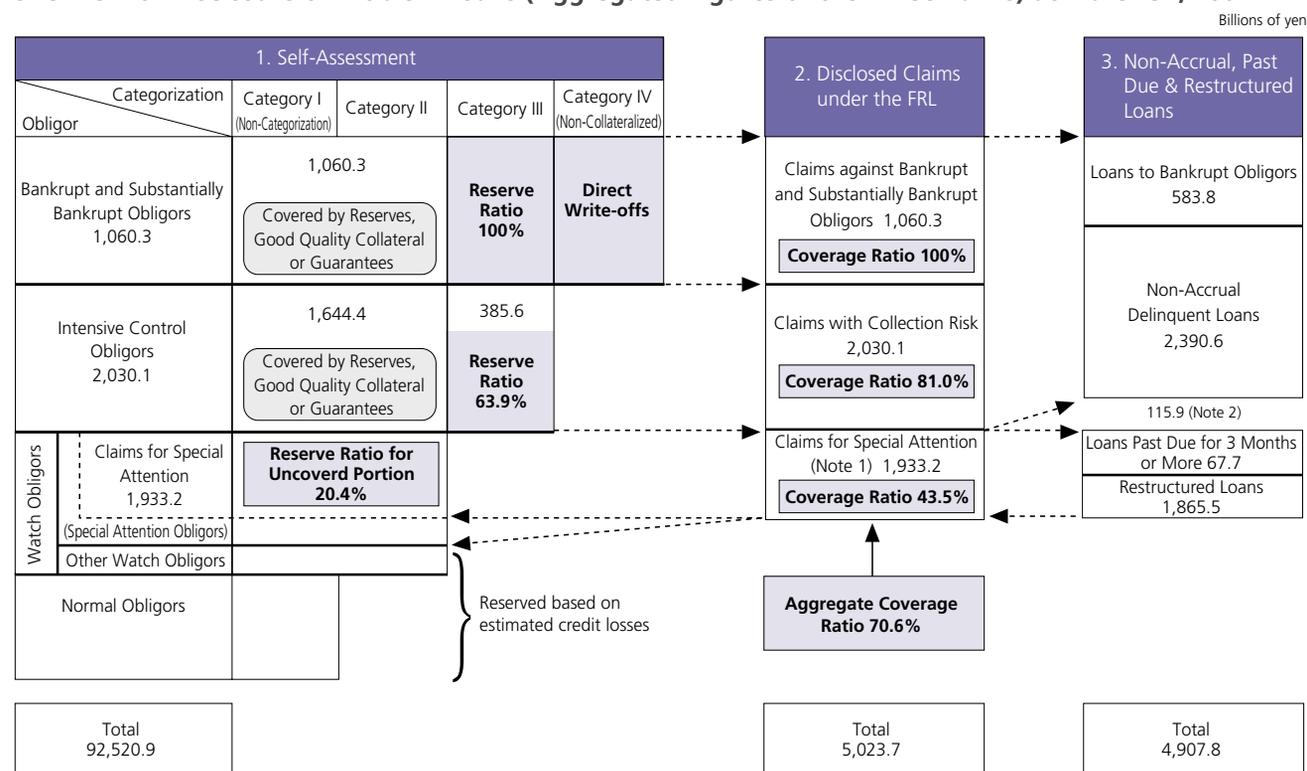
### Disposal of Problem Loans

Reflecting the harsh economic environment and recent corporate results during the fiscal year ended March 31, 2002, the Three Banks increased the stringency of their self-assessments and pushed ahead with final disposals of problem loans. During the second half in particular, they strengthened their responses to specific entities by taking into account the industrial sector, stock price and rating, while making every effort to accelerate final disposals in line with the government's Emergency Economic Policy Package. As a result, the Three Banks posted aggregated Credit-related Costs of ¥2,193.9 billion.

### Credit-related Costs (Aggregated Figures of the Three Banks)

For the Fiscal Years ended March 31	2002	2001	Change
<b>Credit-related Costs</b>	<b>¥ 2,193.9</b>	<b>¥ 693.8</b>	<b>¥ 1,500.0</b>
Expenses related to Portfolio Problems	1,979.5	695.5	1,284.0
Write-offs of Claims	1,083.2	266.7	816.5
Provision of Specific Reserve for Possible Losses on Loans	608.6	241.9	366.7
Losses on Sales of Loans to CCPC	54.9	34.0	20.9
Provision of Reserve for Possible Losses on Loans Sold	15.9	52.0	(36.0)
Losses on Support of Specific Borrowers	144.2	23.2	120.9
Provision of Reserve for Possible Losses on Support of Specific Borrowers	17.2	59.7	(42.4)
Provision (Reversal) of Reserve for Possible Losses on Loans to Restructuring Countries	5.2	(2.5)	7.8
Other Losses on Sales of Loans	49.9	20.4	29.5
Provision (Reversal) of General Reserve for Possible Losses on Loans	214.3	(1.6)	216.0

### Overview of Disclosure of Problem Loans (Aggregated Figures of the Three Banks) at March 31, 2002



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 for Special Attention includes all claims, not limited to loans, against Special Attention Obligors.  
2. The difference between total Non-Accrual, Past Due & 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 (described on page 91)

## Self-Assessment, Write-Offs and Provisions

“Self-assessments” relate to the procedures carried out by banks to enable them to prepare financial statements that reflect the actual quality of their assets by ascertaining the status of these assets in preparation for making the appropriate write-offs and provisions based on generally accepted 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 (for details, please refer to the Definitions of Obligor Classifications and Definitions of Categories described on page 90).

As a rule, write-offs and provisions are made according to obligor classifications and asset categories on the basis of self-assessment results. The method of write-offs and provisions for the fiscal year ended March 31, 2002 is described below.

### Normal Obligors

Appropriate the expected amount of losses over a year computed based on the expected loss ratio for General Reserve for Possible Losses on Loans.

### Watch Obligors

Appropriate the expected amount of losses over three years computed based on the expected loss ratio for General Reserve for Possible Losses on Loans. As for any claims against obligors having Loans Past Due for 3 Months or More and/or Restructured Loans, appropriate the projected balance after deduction of the anticipated proceeds from the sale of collateral pledged against the claims and/or the anticipated amount recoverable from the guarantors of the claims for General Reserve for Possible Losses on Loans.

### Intensive Control Obligors

Appropriate, either of the amounts calculated in (1) or (2) below and after the deduction of the anticipated proceeds from the sale of collateral pledged against the claims and/or the anticipated amount recoverable from the guarantors of the claims.

- (1) An amount based on a comprehensive evaluation of the obligor's ability to pay.
- (2) An amount determined by multiplying the aforementioned balance by the expected loss ratio for the next three years.

### Substantially Bankrupt Obligors

Appropriate the amounts for Specific Reserve for Possible Losses on Loans or write-offs:  
the entire balance after deduction of the anticipated amount from the sale of collateral pledged against the claims and/or the anticipated amount recoverable from the guarantors of the claims.

### Bankrupt Obligors

Appropriate the following amount for Specific Reserve for Possible Losses on Loans or write-offs are based on the following:  
the entire balance after deduction of the anticipated amount from the sale of collateral pledged against the claims and/or the anticipated amount recoverable from the guarantors of the claims.

The results of write-offs and reserve provisions of the Three Banks for the fiscal year ended March 31, 2002 are described on page 88.

### **Definition of Obligor Classifications**

The first step in making self-assessments is to categorize borrowers into the following five obligor classifications according to their financial and business conditions.

#### **Normal Obligors**

Obligors whose business conditions are favorable and who are deemed not to have any particular problems in terms of their financial position

#### **Watch Obligors**

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.

#### **Intensive Control Obligors**

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).

#### **Substantially Bankrupt Obligors**

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.

#### **Bankrupt Obligors**

Obligors who have already gone bankrupt, from both a legal and/or formal perspective.

### **Definition of Asset Categories**

Assets are evaluated according to the likelihood that they will be collectible, based on the collateral and guarantees for each obligor classification, and graded into the following four categories in ascending order according to asset recovery risk.

#### **Category I (Non-Categorized)**

All credit given to Normal Obligors, and credit to borrowers in other classifications which have pledged collateral or are covered by guarantees, considered of high quality, such as deposit collateral.

#### **Category II**

Credit given to Watch Obligors other than those included in Category I, and Intensive Control Obligors, Bankrupt and Substantially Bankrupt Obligors which are covered by general collateral, such as real estate and guarantees.

#### **Category III**

Credit given to Intensive Control Obligors other than those included in Category I and Category II, the difference between the assessed value and market value of collateral on credit to Bankrupt and Substantially Bankrupt Obligors (i.e., the portion of loans for which final collection problems or losses are anticipated), and the portion of credit equivalent to the amount of debt forgiveness or other form of support scheduled to be provided to Special Attention Obligors who have drawn up management improvement plans on the assumption that support will be forthcoming from financial institutions, etc., in the form of debt forgiveness, etc. (amounts to be included in the accounts in the next or subsequent fiscal years).

#### **Category IV (Non-Collateralized)**

Credit to Bankrupt and Substantially Bankrupt Obligors, other than those in Category I, Category II and Category III (credit that is judged to be unrecoverable or without value).

## Non-Accrual, Past Due & Restructured Loans

Non-Accrual, Past Due & Restructured Loans are disclosed under the provisions of the Banking Law of Japan and refer collectively to Loans to Bankrupt Obligors, Non-Accrual Delinquent Loans, Loans Past Due for 3 Months or More and Restructured Loans.

They are based on the obligor classifications used for self-assessments as follows: loans to Bankrupt Obligors are disclosed as Loans to Bankrupt Obligors, loans to Substantially Bankrupt Obligors and Intensive Control Obligors are disclosed as Non-Accrual Delinquent Loans, and loans to Watch Obligors that meet certain conditions are disclosed as Loans Past Due for 3 Months or More or Restructured Loans.

On a consolidated basis, Non-Accrual, Past Due & Restructured Loans amounted to ¥5,467.2 billion as of March 31, 2002. On the basis of the aggregated figures for the Three Banks, they increased by ¥813.6 billion to ¥4,907.8 billion, but have declined by ¥567.9 billion over the last six months.

## Claims Disclosed under the Financial Reconstruction Law

Based on the provisions of the Financial Reconstruction Law ("FRL"), Claims Disclosed under the FRL are classified as Claims against Bankrupt and Substantially Bankrupt Obligors, Claims with Collection Risk and Claims for Special Attention.

They are based on the obligor classifications used for self-assessments as follows: claims on Bankrupt and Substantially Bankrupt Obligors are disclosed as Claims against Bankrupt and Substantially Bankrupt Obligors, claims on Intensive Control Obligors are presented as Claims with Collection Risk, and among those claims on Watch Obligors, amounts equivalent to Loans Past Due for 3 Months or More and Restructured Loans under Non-Accrual, Past Due and Restructured Loans are disclosed as Claims for Special Attention.

On the basis of the aggregated figures for the Three Banks, the balance of Claims Disclosed under the FRL as of March 31, 2002 increased by ¥828.0 billion to ¥5,023.7 billion, but has fallen by ¥554.3 billion over the last six months. Of this total, Claims against Bankrupt and Substantially Bankrupt Obligors came to ¥1,060.3 billion, Claims with Collection Risk to ¥2,030.1 billion, and Claims for Special Attention to ¥1,933.2 billion.

The difference of ¥115.9 billion between the total Non-Accrual, Past Due and Restructured Loans and the total Claims Disclosed under the FRL represents claims other than loans included in Claims Disclosed under the FRL.

We believe MHHD has ample coverage against the above claims in the form of reserves, collateral and guarantees. Coverage ratios at the end of March 2002 stood at 100% for Claims against Bankrupt and Substantially Bankrupt Obligors, 81.0% for Claims with Collection Risk, 43.5% for Claims for Special Attention, and 70.6% overall.

## Results of Removal of Problem Loans

Under the government's Emergency Economic Policy Package, major banks are required to remove existing Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk (under the FRL) from their balance sheets within two years. Half of any such new claims should be removed within one year, 80% within two years, and 100% within three years.

Therefore, various disposal measures were adopted by the Three Banks, including legal procedures such as liquidation and restructuring, collections associated with support for corporate rehabilitation, and efforts to improve business conditions and securitization. As a result, disposals proceeded at a faster pace than that required by the government. On the basis of aggregated figures of the Three Banks, results of removal as of March 31, 2002 were as follows, existing loans (up to and including the first half of fiscal 2000): cumulative total ¥1,652.7 billion (progress rate 67.0%); second half of fiscal 2000: ¥362.3 billion (53.8%); and first half of fiscal 2001: ¥416.8 billion (35.1%).

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

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

At March 31	2002	2001	Change
Loans to Bankrupt Obligors	¥ 639.2	¥ 470.0	¥ 169.2
Non-Accrual Delinquent Loans	2,698.5	2,169.6	528.8
Loans Past Due for 3 Months or More	69.7	124.8	(55.0)
Restructured Loans	2,059.6	1,791.7	267.8
<b>Total</b>	<b>¥ 5,467.2</b>	<b>¥ 4,556.2</b>	<b>¥ 910.9</b>

Note:	2002	2001	Change
At March 31			
Amount of Direct Write-offs	¥ 2,925.4	¥ 2,735.6	¥ 189.8

### Ratio to Total Loans (Balance as of March 31, 2002 and 2001) (After Direct Write-offs of Category IV Loans)

At March 31	2002	2001	Change
Loans to Bankrupt Obligors	0.76%	0.51%	0.25%
Non-Accrual Delinquent Loans	3.19	2.35	0.84
Loans Past Due for 3 Months or More	0.08	0.14	(0.06)
Restructured Loans	2.43	1.94	0.49
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans (at March 31, 2002 and 2001)</b>	<b>6.46%</b>	<b>4.94%</b>	<b>1.52%</b>

### Status of Loan Loss Reserves

At March 31	2002	2001	Change
<b>Reserve for Possible Losses on Loans (After Direct Write-offs of Category IV Loans)</b>	<b>¥ 1,949.8</b>	<b>¥ 1,627.6</b>	<b>¥ 322.1</b>
General Reserve for Possible Losses on Loans	953.4	780.7	172.6
Specific Reserve for Possible Losses on Loans	962.4	817.9	144.4
Reserve for Possible Losses on Loans to Restructuring Countries	34.0	28.9	5.0
<b>Reserve for Possible Losses on Support of Specific Borrowers</b>	<b>—</b>	<b>159.6</b>	<b>(159.6)</b>
<b>Reserve for Possible Losses on Loans Sold</b>	<b>49.6</b>	<b>199.0</b>	<b>(149.4)</b>

Note:	2002	2001	Change
At March 31			
Amount of Direct Write-offs (Specific Reserve for Possible Losses on Loans)	¥ 3,040.0	¥ 2,838.0	¥ 202.0

### Reserve Ratios for Non-Accrual, Past Due & Restructured Loans

At March 31	2002	2001	Change
Before Direct Write-offs of Category IV Loans	59.46%	63.43%	(3.97)%
After Direct Write-offs of Category IV Loans	35.66	39.23	(3.57)

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 Non-Accrual, Past Due & Restructured Loans (Aggregated Figures of the Three Banks)

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

At March 31	2002	2001	Change
Loans to Bankrupt Obligors	¥ 583.8	¥ 427.6	¥ 156.2
Non-Accrual Delinquent Loans	2,390.6	1,889.7	500.9
Loans Past Due for 3 Months or More	67.7	137.2	(69.5)
Restructured Loans	1,865.5	1,639.4	226.0
<b>Total</b>	<b>¥ 4,907.8</b>	<b>¥ 4,094.1</b>	<b>¥ 813.6</b>

Note:	2002	2001	Change
At March 31			
Amount of Direct Write-offs	¥ 2,414.9	¥ 2,125.3	¥ 289.6

### Ratio to Total Loans (Balance at March 31, 2002 and 2001) (After Direct Write-offs of Category IV Loans)

At March 31	2002	2001	Change
Loans to Bankrupt Obligors	0.72%	0.50%	0.22%
Non-Accrual Delinquent Loans	2.96	2.21	0.75
Loans Past Due for 3 Months or More	0.08	0.16	(0.08)
Restructured Loans	2.31	1.91	0.40
<b>Non-Accrual, Past Due &amp; Restructured Loans / Total Loans (at March 31, 2002 and 2001)</b>	<b>6.09%</b>	<b>4.78%</b>	<b>1.31%</b>

### Status of Loan Loss Reserves

At March 31	2002	2001	Change
<b>Reserve for Possible Losses on Loans (After Direct Write-offs of Category IV Loans)</b>	<b>¥ 1,689.5</b>	<b>¥ 1,339.7</b>	<b>¥ 349.7</b>
General Reserve for Possible Losses on Loans	788.6	553.8	234.7
Specific Reserve for Possible Losses on Loans	869.3	760.0	109.3
Reserve for Possible Losses on Loans to Restructuring Countries	31.5	25.8	5.6
<b>Reserve for Possible Losses on Support of Specific Borrowers</b>	<b>32.4</b>	<b>176.7</b>	<b>(144.3)</b>
<b>Reserve for Possible Losses on Loans Sold</b>	<b>48.2</b>	<b>195.3</b>	<b>(147.1)</b>
<b>Loans to CCPC</b>	<b>82.3</b>	<b>311.8</b>	<b>(229.4)</b>

Notes: 1.	2002	2001	Change
At March 31			
Amount of Direct Write-offs (Specific Reserve for Possible Losses on Loans)	¥ 2,519.3	¥ 2,202.9	¥ 316.4

2. CCPC: Cooperative Credit Purchasing Company, Ltd.

### Reserve Ratios for Non-Accrual, Past Due & Restructured Loans

At March 31	2002	2001	Change
Before Direct Write-offs of Category IV Loans	57.92%	59.80%	(1.88)%
After Direct Write-offs of Category IV Loans	35.09	37.04	(1.95)

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 Disclosed Claims under the FRL (Aggregated Figures of the Three Banks)

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

At March 31			Billions of yen
	2002	2001	Change
Claims against Bankrupt and Substantially Bankrupt Obligors	¥ 1,060.3	¥ 805.9	¥ 254.4
Claims with Collection Risk	2,030.1	1,613.0	417.1
Claims for Special Attention	1,933.2	1,776.7	156.5
<b>Subtotal</b>	<b>5,023.7</b>	<b>4,195.6</b>	<b>828.0</b>
Normal Claims	87,497.1	93,709.1	(6,211.9)
<b>Total</b>	<b>¥ 92,520.9</b>	<b>¥ 97,904.8</b>	<b>¥ (5,383.8)</b>

Note:			Billions of yen
At March 31	2002	2001	Change
Amount of Direct Write-offs	¥ 2,519.3	¥ 2,202.9	¥ 316.4

### Status of Coverage on Disclosed Claims under the FRL

At March 31			Billions of yen
	2002	2001	Change
<b>Coverage Amount</b>	<b>¥ 3,546.4</b>	<b>¥ 3,077.1</b>	<b>¥ 469.3</b>
Reserve for Possible Losses on Loans	1,061.2	879.5	181.7
Reserve for Possible Losses on Support of Specific Borrowers	32.4	176.4	(144.0)
Collateral and Guarantees	2,452.7	2,021.1	431.5
<b>Coverage Ratio (after Direct Write-offs of Category IV Loans)</b>	<b>70.6%</b>	<b>73.3%</b>	<b>(2.7)%</b>
Claims against Bankrupt and Substantially Bankrupt Obligors	100.0	100.0	—
Claims with Collection Risk	81.0	85.4	(4.4)
Claims for Special Attention	43.5	50.3	(6.8)
<b>Coverage Ratio (before Direct Write-offs of Category IV Loans)</b>	<b>80.4</b>	<b>82.5</b>	<b>(2.1)</b>
<b>Reserve Ratio against Non-collateralized Claims</b>			
Claims against Bankrupt and Substantially Bankrupt Obligors	100.0%	100.0%	—%
Claims with Collection Risk	63.9	72.7	(8.8)
Claims for Special Attention	20.4	27.9	(7.5)
<b>Reserve Ratio against Other Claims</b>			
Claims against Watch Obligors excluding Claims for Special Attention	4.56%	3.94%	0.62%
Normal Claims	0.16	0.10	0.06

## Status of Loans by Industry

### Outstanding Loans by Industry (Aggregated Figures of the Three Banks)

At March 31	Billions of yen		
	2002	2001	Change
<b>Domestic Offices (excluding loans booked at offshore markets)</b>	<b>¥ 71,102.8</b>	<b>¥ 75,203.8</b>	<b>¥ (4,101.0)</b>
Manufacturing	11,173.4	11,491.7	(318.3)
Agriculture	74.3	106.7	(32.4)
Forestry	3.3	3.9	(0.6)
Fishery	59.0	59.9	(0.8)
Mining	82.0	82.8	(0.7)
Construction	2,552.3	2,912.4	(360.0)
Utilities	1,226.1	1,729.9	(503.7)
Transportation & Communication	3,803.1	4,461.4	(658.2)
Wholesale, Retail & Restaurant	10,365.4	11,057.5	(692.1)
Finance & Insurance	8,939.5	9,469.3	(529.8)
Real Estate	8,016.8	8,122.3	(105.4)
Services	10,866.5	11,752.9	(886.4)
Local Government	241.5	257.0	(15.5)
Others	13,699.0	13,695.5	3.4
<b>Overseas Offices and loans booked at offshore markets</b>	<b>9,471.4</b>	<b>10,493.8</b>	<b>(1,022.3)</b>
Governments	435.4	436.9	(1.5)
Financial Institutions	391.0	549.9	(158.9)
Others	8,644.9	9,506.8	(861.8)
<b>Total</b>	<b>¥ 80,574.3</b>	<b>¥ 85,697.7</b>	<b>¥ (5,123.3)</b>

### Non-Accrual, Past Due & Restructured Loans and Disclosed Claims under the FRL by Industry (Aggregated Figures of the Three Banks)

At March 31	Billions of yen				
	2002			2001	
	Non-Accrual, Past Due & Restructured Loans	Disclosed Claims under the FRL	Coverage on Disclosed Claim under the FRL	Non-Accrual, Past Due & Restructured Loans	Disclosed Claims under the FRL
<b>Domestic Offices (excluding loans booked at offshore markets)</b>	<b>¥ 4,488.3</b>	<b>¥ 4,551.0</b>	<b>71.4 %</b>	<b>¥3,745.4</b>	<b>¥3,794.4</b>
Manufacturing	429.8	450.3	69.6	206.8	208.3
Agriculture	2.8	2.8	85.2	21.3	21.3
Forestry	0.4	0.4	75.8	0.1	0.1
Fishery	0.2	0.2	79.1	0.4	0.4
Mining	0.5	0.5	66.1	1.8	1.9
Construction	380.6	398.2	61.7	492.6	493.1
Utilities	10.3	11.2	88.6	2.1	2.1
Transportation & Communication	76.1	76.4	65.1	47.5	47.6
Wholesale, Retail & Restaurant	933.3	938.2	74.1	556.6	569.5
Finance & Insurance	408.1	408.3	70.6	303.4	315.9
Real Estate	1,159.6	1,160.7	74.5	1,031.8	1,033.7
Services	756.3	771.9	68.3	781.2	797.6
Local Government	0.3	0.3	44.5	—	—
Others	329.4	330.9	89.0	299.1	302.4
<b>Overseas Offices and loans booked at offshore markets</b>	<b>419.4</b>	<b>472.6</b>	<b>63.6</b>	<b>348.6</b>	<b>401.1</b>
Governments	21.3	24.3	38.3	17.4	21.5
Financial Institutions	4.4	6.9	71.2	9.0	9.0
Others	393.6	441.2	65.0	322.2	370.6
<b>Total</b>	<b>¥ 4,907.8</b>	<b>¥ 5,023.7</b>	<b>70.6 %</b>	<b>¥ 4,094.1</b>	<b>¥ 4,195.6</b>

Financial Analysis of Mizuho  
**Disclosure of Asset Quality**

**Status of Loans by Nationality of Borrowers**

**Loans to Restructuring Countries** (Aggregated Figures of the Three Banks)

At March 31	Billions of yen, Number of countries		
	2002	2001	Change
Loan amount	¥ 165.5	¥ 197.6	¥ (32.0)
Number of Restructuring Countries	8	9	(1)

**Loans to Asia** (Aggregated Figures of the Three Banks)

At March 31	Outstanding Balance			Non-Accrual, Past Due & Restructured Loans		
	Billions of yen			Billions of yen		
	2002	2001	Change	2002	2001	Change
Hong Kong	¥ 511.3	¥ 627.6	¥ (116.2)	¥ 4.9	¥ 15.7	¥ (10.7)
Thailand	340.5	327.8	12.7	37.8	33.4	4.3
China	243.2	270.2	(27.0)	7.6	31.7	(24.0)
Republic of Korea	213.8	202.7	11.1	3.8	4.1	(0.3)
Indonesia	182.0	259.1	(77.0)	59.8	50.2	9.5
Singapore	164.5	163.6	0.9	4.6	3.2	1.4
Others	392.0	439.1	(47.1)	21.2	9.5	11.6
<b>Total</b>	<b>¥ 2,047.6</b>	<b>¥ 2,290.4</b>	<b>¥ (242.7)</b>	<b>¥ 139.8</b>	<b>¥ 148.0</b>	<b>¥ (8.1)</b>

**Loans to Central and South America** (Aggregated Figures of the Three Banks)

At March 31	Outstanding Balance			Non-Accrual, Past Due & Restructured Loans		
	Billions of yen			Billions of yen		
	2002	2001	Change	2002	2001	Change
Mexico	¥ 92.1	¥ 87.7	¥ 4.3	¥ 0.8	¥ —	¥ 0.8
Chile	54.0	56.4	(2.4)	—	—	—
Brazil	41.2	36.1	5.1	—	—	—
Colombia	39.4	44.1	(4.7)	0.4	0.4	0.0
Argentina	30.4	28.7	1.6	19.1	—	19.1
Others	37.3	36.8	0.4	1.6	1.2	0.4
<b>Total</b>	<b>¥ 294.7</b>	<b>¥ 290.1</b>	<b>¥ 4.5</b>	<b>¥ 22.1</b>	<b>¥ 1.7</b>	<b>¥ 20.4</b>

**Loans to Russia** (Aggregated Figures of the Three Banks)

At March 31	Outstanding Balance			Non-Accrual, Past Due & Restructured Loans		
	Billions of yen			Billions of yen		
	2002	2001	Change	2002	2001	Change
Russia	¥ 19.6	¥ 18.0	¥ 1.5	¥ 3.2	¥ 3.7	¥ (0.5)

## Results of Removal of Problem Loans (Aggregated Figures of the Three Banks)

### ○ Problem Loans in the First Half of FY 2000 and Before (Accumulated Problem Loans)

#### The Outstanding Balance of Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk (Under the FRL)

	Billions of yen						
	At the end of the first half of FY2000	At the end of FY2000	At the end of the first half of FY2001 (A)	At the end of FY2001 (B)	Change (B) – (A)	Accumulated Removal from 9/30/2000	Removal ratio
Claims against Bankrupt and Substantially Bankrupt Obligors	¥ 1,039.9	¥ 663.8	¥ 609.3	¥ 398.6	¥ (210.6)	¥ (641.3)	61.7%
Claims with Collection Risk	1,425.5	1,080.9	782.3	414.0	(368.3)	(1,011.3)	70.9
<b>Total</b>	<b>¥ 2,465.4</b>	<b>¥ 1,744.8</b>	<b>¥ 1,391.7</b>	<b>¥ 812.6</b>	<b>¥ (579.0)</b>	<b>¥ (1,652.7)</b>	<b>67.0%</b>

#### Types of Removal of Problem Loans

	Billions of yen	
	The second half of FY2001	
Liquidation	¥ (119.0)	
Restructure	(43.0)	
Improvement in Business Performance due to Restructuring	(4.6)	
Securitization	(235.6)	
Write-off	76.0	
Other	(252.5)	
Debt Recovery	(235.1)	
Improvement in Business Performance	(17.4)	
<b>Total</b>	<b>¥ (579.0)</b>	

### ○ Problem Loans in the Second Half of FY 2000 (Problem Loans Generated During the Period)

#### The Outstanding Balance of Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk (Under the FRL)

	Billions of yen						
	At the end of FY2000	At the end of the first half of FY2001 (A)	At the end of FY2001 (B)	Change (B) – (A)	Accumulated Removal from 9/30/2000	Removal ratio	
Claims Against Bankrupt and Substantially Bankrupt Obligors	¥ 141.9	¥ 77.7	¥ 88.7	¥ 11.0	¥ (53.0)	37.4%	
Claims with Collection Risk	531.9	404.0	222.6	(181.4)	(309.2)	58.1	
<b>Total</b>	<b>¥ 673.9</b>	<b>¥ 481.8</b>	<b>¥ 311.6</b>	<b>¥ (170.2)</b>	<b>¥ (362.3)</b>	<b>53.8%</b>	

#### Types of Removal of Problem Loans

	Billions of yen	
	The second half of FY2001	
Liquidation	¥ (2.0)	
Restructure	(2.6)	
Improvement in Business Performance due to Restructuring	0.0	
Securitization	(21.7)	
Write-off	(59.0)	
Other	(84.5)	
Debt Recovery	(76.3)	
Improvement in Business Performance	(8.1)	
<b>Total</b>	<b>¥ (170.2)</b>	

○ **Problem Loans in the First Half of FY 2001 (Problem Loans Generated During the Period)**

**The Outstanding Balance of Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk (Under the FRL)**

	Billions of yen				
	At the end of the first half of FY2001 (A)	At the end of FY2001 (B)	Change (B) – (A)	Accumulated Removal from 9/30/2000	Removal ratio
Claims against Bankrupt and Substantially Bankrupt Obligors	¥ 257.1	¥ 267.4	¥ 10.2	¥ 10.2	(4.0)%
Claims with Collection Risk	930.1	502.7	(427.2)	(427.2)	45.9
<b>Total</b>	<b>¥ 1,187.3</b>	<b>¥ 770.3</b>	<b>¥ (416.8)</b>	<b>¥ (416.8)</b>	<b>35.1%</b>

**Types of Removal of Problem Loans**

	Billions of yen
	The second half of FY2001
Liquidation	¥ (3.0)
Restructure	(1.5)
Improvement in Business Performance due to Restructuring	0.0
Securitization	(17.5)
Write-off	(152.3)
Other	(242.2)
Debt Recovery	(141.6)
Improvement in Business Performance	(100.4)
<b>Total</b>	<b>¥ (416.8)</b>

○ **Problem Loans in the Second Half of FY 2001 (Problem Loans Generated During the Period)**

**The Outstanding Balance of Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk (Under the FRL)**

	Billions of yen
	At the end of FY2001
Claims Against Bankrupt and Substantially Bankrupt Obligors	¥ 305.1
Claims with Collection Risk	890.3
<b>Total</b>	<b>¥ 1,195.6</b>

**(Reference) Category of “Intensive Control Obligors” and below at the end of FY 2001**

	Billions of yen
	At the end of FY2001
Claims Against Bankrupt and Substantially Bankrupt Obligors	¥ 1,060.3
Claims with Collection Risk	2,030.1
<b>Total</b>	<b>¥ 3,090.4</b>

**(Reference) Types of Removal of Problem Loans in the Second Half of FY 2001**

	Billions of yen
	The second half of FY2001
<b>Total of Types of Removal of Problem Loans in the Second Half of FY 2001</b>	<b>(1,166.0)</b>
Liquidation	(124.0)
Restructure	(47.1)
Securitization	(274.8)
Debt Recovery	(403.6)
Improvement in Business Performance	(179.9)

## Overview of the Accounting Entry made through the Corporate Split and Merger Process

On April 1, 2002, Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. became MHH's directly-owned subsidiaries by means of "Simplified Method of a Split" provided by the Commercial Code of Japan. On the same day, DKB, Fuji Bank and IBJ, which had been MHH's subsidiaries, were combined and reorganized as Mizuho Corporate Bank, Ltd. and Mizuho Bank, Ltd. by means of split and merger.

### Shareholders' Equity

Shareholder's equity after the Split and Merger Process is as follows:

	Billions of yen		
	At March 31, 2002 Aggregated Figures of the Three Banks (A)	Accounting Entry made through the Corporate Split and Merger Process (B)	After the Split and Merger Process (A)+(B) Aggregated Figures of the Two Banks      Mizuho Corporate Bank      Mizuho Bank
Common Stock and Preferred Stocks	¥ 2,571.9	¥ (1,391.9)	¥ 1,180.0    ¥ 710.0    ¥ 470.0
Capital Surplus	2,247.2	(658.0)	1,589.1    655.2    933.9
Legal Reserve	343.5	—	343.5    207.7    135.7
Revaluation Reserve for Land, net of Taxes	531.2	(111.6)	419.5    110.3    309.2
Retained Earnings (Accumulated Deficit)	(85.7)	896.1	810.3    486.2    324.1
After Appropriation for Fiscal 2000	810.3	/	/    /    /
Net Loss, etc.	(896.1)	/	/    /    /
Net Unrealized Gains (Losses) on Other Securities, net of Taxes	(530.3)	536.1	5.7    (7.5)    13.3
<b>Total Shareholders' Equity</b>	<b>¥ 5,077.7</b>	<b>¥ (729.3)</b>	<b>¥ 4,348.4    ¥ 2,161.9    ¥ 2,186.4</b>

[Breakdown]

	Billions of yen						Total
	① Split of Subsidiaries Management Business	② Change in Common Stock & Preferred Stocks	③ Change in Classification of Securities	④ Transfer from Revaluation Reserve for Land	⑤ Disposal of Unrealized Losses	⑥ Succession of Retained Earnings	
Common Stock and Preferred Stocks	¥ (200.0)	¥ (1,191.9)	¥ —	¥ —	¥ —	¥ —	¥ (1,391.9)
Capital Surplus	—	1,191.9	—	111.6	(1,065.5)	(896.1)	(658.0)
Revaluation Reserve for Land, net of Taxes	—	—	—	(111.6)	—	—	(111.6)
Retained Earnings	—	—	—	—	—	896.1	896.1
Net Unrealized Gains(Losses) on Other Securities, net of Taxes	—	—	(15.5)	—	551.7	—	536.1
<b>Total</b>	<b>¥ (200.0)</b>	<b>¥ —</b>	<b>¥ (15.5)</b>	<b>¥ —</b>	<b>¥ (513.7)</b>	<b>¥ —</b>	<b>¥ (729.3)</b>

① Decrease in Common Stock and Preferred Stocks due to split of subsidiaries' management business (Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. became direct subsidiaries of MHH).

② Change in Common Stock and Preferred Stocks.

③ Decrease in net unrealized gains on Other Securities (net of Taxes) by changing classification from investments in affiliates to Other Securities.

④ Transfer from Revaluation Reserve for Land, net of Taxes to Capital Surplus due to split.

⑤ Decrease due to disposal of unrealized losses of ¥1,065.5 billion\*.

Increase in net unrealized gains on Other Securities (net of Taxes) due to disposal of unrealized losses of ¥847.1 billion.

Decrease in net unrealized gains on Other Securities (net of Taxes) due to deferred tax effect ¥295.4 billion.

⑥ Succession of Appropriated Retained Earnings after appropriation for FY2000, in accordance with the Commercial Code of Japan.

### Disposal of Unrealized Losses

In order to enhance the financial condition, the following unrealized losses are disposed by offsetting with additional capital surplus resulted from the Split and Merger Process.

	Billions of yen		
	At March 31, 2002 Aggregated Figures of the Three Banks (A)	Disposal of Unrealized Losses (B)	After Disposal of Unrealized Losses (A)+(B) Aggregated Figures of the Two Banks      Mizuho Corporate Bank      Mizuho Bank
Other Securities	¥ (887.5)	¥ 902.6	¥ 15.1    ¥ (7.5)    ¥ 22.7
Stocks (Note)	(748.0)	828.8	80.7    41.9    38.8
Bonds / Others	(139.4)	73.8	(65.6)    (49.5)    (16.0)
Investment in Foreign Subsidiaries / Affiliates / Foreign Currency Translation Adjustments	(116.9)	51.0	(65.9)    (65.8)    (0.0)
Deferred Hedge Losses	(412.5)	159.7	(252.7)    (125.2)    (127.5)
Pension Liabilities / Unrecognized Net Obligation by the Change of Accounting policy	(108.6)	24.8	(83.8)    (26.2)    (57.5)
		¥ 1,138.3 (a)	
		Deferred Tax Assets    72.8 (b)	
		*Decrease in Capital Surplus    ¥ 1,065.5 (a)-(b)	

Note: After changing classification

## Overview of the Accounting Entry made through the Corporate Split and Merger Process

### Assets and Liabilities (for reference only)

Status of Assets and Liabilities after the split and merger process is as follows:

#### Mizuho Corporate Bank

		Billions of yen
<b>Assets</b>		
Cash and Due from Banks	¥ 7,436.4	
Call Loans	736.5	
Receivables under Resale Agreements	117.2	
Other Debt Purchased	120.1	
Trading Assets	3,724.5	
Money Held in Trust	43.4	
Securities	13,795.0	
Loans and Bills Discounted	39,626.9	
Foreign Exchange Assets	1,001.3	
Other Assets	5,386.2	
Premises and Equipment	316.7	
Deferred Tax Assets	1,131.0	
Customers' Liabilities for Acceptances and Gurantees	4,638.0	
Reserve for Possible Losses on Loans	(970.8)	
Reserve for Possible Losses on Securities	(2.4)	
<b>Total</b>	<b>¥ 77,100.6</b>	
<b>Liabilities</b>		
Deposits		¥ 33,538.7
Negotiable Certificates of Deposit		6,733.1
Debentures		9,350.7
Call Money		4,616.4
Payables under Repurchase Agreements		2,064.5
Bills Sold		956.4
Commercial Paper		194.5
Trading Liabilities		2,486.0
Borrowed Money		3,117.4
Foreign Exchange Liabilities		728.6
Bonds and Notes		653.1
Other Liabilities		5,636.7
Reserve for Bonus Payments		3.4
Reserve for Employee Retirement Benefits		9.9
Reserve for Contingencies		134.2
Deferred Tax Liabilities for Revaluation Reserve for Land		68.8
Acceptances and Guarantees		4,638.0
<b>Total</b>		<b>¥ 74,931.0</b>
<b>Total Shareholders' Equity</b>		<b>¥ 2,169.5</b>

#### Mizuho Bank

		Billions of yen
<b>Assets</b>		
Cash and Due from Banks	¥ 18,784.4	
Call Loans	113.0	
Other Debt Purchased	0.3	
Trading Assets	1,622.9	
Money Held in Trust	1.5	
Securities	9,742.5	
Loans and Bills Discounted	40,947.4	
Foreign Exchange Assets	167.0	
Other Assets	3,024.6	
Premises and Equipment	1,256.0	
Deferred Debenture Charges	4.0	
Deferred Tax Assets	837.6	
Customers' Liabilities for Acceptances and Gurantees	1,753.7	
Reserve for Possible Losses on Loans	(718.6)	
Reserve for Possible Losses on Securities	(97.4)	
<b>Total</b>	<b>¥ 77,439.4</b>	
<b>Liabilities</b>		
Deposits		¥ 52,528.1
Negotiable Certificates of Deposit		4,520.0
Debentures		6,101.7
Call Money		2,820.6
Payables under Repurchase Agreements		330.4
Bills Sold		984.3
Commercial Paper		235.0
Trading Liabilities		1,041.7
Borrowed Money		1,635.6
Foreign Exchange Liabilities		8.0
Other Liabilities		2,988.1
Reserve for Bonus Payments		10.6
Reserve for Employee Retirement Benefits		30.9
Reserve for Possible Losses on Loans Sold		48.2
Reserve for Possible Losses on Support of Specific Borrowers		32.4
Deferred Tax Liabilities for Revaluation Reserve for Land		196.5
Acceptances and Guarantees		1,753.7
<b>Total</b>		<b>¥ 75,266.3</b>
<b>Total Shareholders' Equity</b>		<b>¥ 2,173.1</b>

## Aggregated Figures of the Two Banks

Billions of yen

Assets		Liabilities	
Cash and Due from Banks	¥ 26,220.9	Deposits	¥ 86,066.8
Call Loans	849.5	Negotiable Certificates of Deposit	11,253.1
Receivables under Resale Agreements	117.2	Debentures	15,452.4
Other Debt Purchased	120.5	Call Money	7,437.0
Trading Assets	5,347.4	Payables under Repurchase Agreements	2,395.0
Money Held in Trust	44.9	Bills Sold	1,940.7
Securities	23,537.5	Commercial Paper	429.5
Loans and Bills Discounted	80,574.3	Trading Liabilities	3,527.8
Foreign Exchange Assets	1,168.4	Borrowed Money	4,753.0
Other Assets	8,410.9	Foreign Exchange Liabilities	736.6
Premises and Equipment	1,572.8	Bonds and Notes	653.1
Deferred Debenture Charges	4.1	Other Liabilities	8,624.8
Deferred Tax Assets	1,968.6	Reserve for Bonus Payments	14.0
Customers' Liabilities for Acceptances and Gurantees	6,391.8	Reserve for Employee Retirement Benefits	40.9
Reserve for Possible Losses on Loans	(1,689.5)	Reserve for Possible Losses on Loans Sold	48.2
Reserve for Possible Losses on Securities	(99.8)	Reserve for Possible Losses on Support of Specific Borrowers	32.4
		Reserve for Contingencies	134.2
		Deferred Tax Liabilities for Revaluation Reserve for Land	265.4
		Acceptances and Guarantees	6,391.8
		<b>Total</b>	<b>¥ 150,197.4</b>
<b>Total</b>	<b>¥ 154,540.0</b>	<b>Total Shareholders' Equity</b>	<b>¥ 4,342.6</b>

Note: The balances are provided for information purposes and therefore differ from those for financial reporting purposes in certain aspects such as other securities valued at cost.

## Overview of the Accounting Entry made through the Corporate Split and Merger Process

### Status of Loan Loss Reserves

Status of Loan Loss Reserves after the Split and Merger Process is as follows:

	At March 31, 2002	After the Split and Merger Process		
	Aggregated Figures of the Three Banks	Aggregated Figures of the Two Banks	Mizuho Corporate Bank	Mizuho Bank
Reserve for Possible Losses on Loans	¥ 1,689.5	¥ 1,689.5	¥ 970.8	¥ 718.6
General Reserve for Possible Losses on Loans	788.6	788.6	470.8	317.7
Specific Reserve for Possible Losses on Loans	869.3	869.3	468.4	400.9
Reserve for Possible Losses on Loans to Restructuring Countries	31.5	31.5	31.5	—
Reserve for Possible Losses on Support of Specific Borrowers	32.4	32.4	—	32.4
Reserve for Possible Losses on Loans Sold	48.2	48.2	—	48.2
Reserve for Possible Losses on Securities	99.8	99.8	2.4	97.4
Reserve for Contingencies	134.2	134.2	134.2	—

### Status of Loans to be Disclosed (After Direct Write-offs of Category IV Loans)

Status of Loans to be disclosed after the Split and Merger Process is as follows:

#### ○ Non-Accrual, Past Due & Restructured Loans

#### Non-Accrual, Past Due & Restructured Loans

	At March 31, 2002	After the Split and Merger Process		
	Aggregated Figures of the Three Banks	Aggregated Figures of the Two Banks	Mizuho Corporate Bank	Mizuho Bank
Loans to Bankrupt Obligors	¥ 583.8	¥ 583.8	¥ 432.5	¥ 151.3
Non-Accrual Delinquent Loans	2,390.6	2,390.6	975.4	1,415.2
Loans Past Due for 3 Months or More	67.7	67.7	6.2	61.4
Restructured Loans	1,865.5	1,865.5	1,119.3	746.1
<b>Total</b>	<b>¥ 4,907.8</b>	<b>¥ 4,907.8</b>	<b>¥ 2,533.6</b>	<b>¥ 2,374.1</b>

#### Ratio to Total Loans (Balance as of March 31,2002)

	At March 31, 2002	After the Split and Merger Process		
	Aggregated Figures of the Three Banks	Aggregated Figures of the Two Banks	Mizuho Corporate Bank	Mizuho Bank
Loans to Bankrupt Obligors	0.72%	0.72%	1.09%	0.36%
Non-Accrual Delinquent Loans	2.96	2.96	2.46	3.45
Loans Past Due for 3 Months or More	0.08	0.08	0.01	0.15
Restructured Loans	2.31	2.31	2.82	1.82
<b>Total</b>	<b>6.09%</b>	<b>6.09%</b>	<b>6.39%</b>	<b>5.79%</b>

#### ○ Status of Disclosed Claims under the FRL

	At March 31, 2002	After the Split and Merger Process		
	Aggregated Figures of the Three Banks	Aggregated Figures of the Two Banks	Mizuho Corporate Bank	Mizuho Bank
Claims against Bankrupt and Substantially Bankrupt Obligors	¥ 1,060.3	¥ 1,060.3	¥ 666.5	¥ 393.8
Claims with Collection Risk	2,030.1	2,030.1	833.4	1,196.6
Claims for Special Attention	1,933.2	1,933.2	1,125.6	807.6
<b>Total</b>	<b>¥ 5,023.7</b>	<b>¥ 5,023.7</b>	<b>¥ 2,625.6</b>	<b>¥ 2,398.1</b>

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## **104** *Financial Data of Mizuho Holdings*

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## Shin Nihon & Co.

## ChuoAoyama Audit Corporation

The Board of Directors  
Mizuho Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Mizuho Holdings, Inc. ("MHHD") and its consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in Japanese yen, present fairly the consolidated financial position of MHHD and its consolidated subsidiaries as of March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan, applied on a consistent basis.

As described in Notes 3 (2) to the consolidated financial statements, MHHD and its consolidated subsidiaries have adopted new accounting standards for financial instruments, which affected the valuation of other securities and money held in trust effective April 1, 2001.

The amounts expressed in U.S. dollars in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are provided solely for the convenience of the reader. We have recomputed the translation of Japanese yen into U.S. dollar amounts and, in our opinion, such translation has been made on the basis set forth in Note 1 to the consolidated financial statements.



Shin Nihon & Co.

Tokyo, Japan  
June 25, 2002



ChuoAoyama Audit Corporation

See Note 1 to the consolidated financial statements which explains the basis of presentation of the consolidated financial statements of MHHD and its consolidated subsidiaries under Japanese accounting principles and practices.

Financial Data of Mizuho Holdings  
**Consolidated Balance Sheets**

At March 31	Millions of yen		Thousands of
	2002	2001	U.S. dollars (Note 1)
			2002
<b>Assets</b>			
Cash and Due from Banks (Notes 12 and 38)	¥ 11,720,134	¥ 5,011,232	\$ 87,955,983
Call Loans and Bills Purchased (Note 12)	942,285	2,343,046	7,071,562
Receivables under Resale Agreements	1,768,766	—	13,274,044
Other Debt Purchased (Note 38)	604,395	703,619	4,535,803
Trading Assets (Notes 4, 12 and 38)	7,951,419	10,877,475	59,672,941
Money Held in Trust (Note 38)	69,762	392,367	523,550
Securities (Notes 5, 12 and 38)	24,108,931	28,062,563	180,930,066
Loans and Bills Discounted (Notes 6 and 12)	84,593,656	92,286,772	634,849,206
Foreign Exchange Assets (Notes 7 and 12)	1,186,977	845,277	8,907,898
Other Assets (Notes 8 and 12)	11,067,767	14,940,725	83,060,167
Premises and Equipment (Notes 9 and 12)	1,753,497	1,713,356	13,159,456
Deferred Debenture Charges (Note 10)	4,843	9,531	36,347
Deferred Tax Assets (Note 35)	2,509,110	1,663,971	18,830,097
Consolidation Differences	64,296	107,764	482,526
Customers' Liabilities for Acceptances and Guarantees (Note 24)	4,923,244	6,129,641	36,947,424
Reserve for Possible Losses on Loans (Note 11)	(1,949,819)	(1,627,632)	(14,632,794)
Reserve for Possible Losses on Securities	(6,841)	(4,233)	(51,346)
<b>Total Assets</b>	<b>¥ 151,312,427</b>	<b>¥ 163,455,480</b>	<b>\$ 1,135,552,930</b>
<b>Liabilities, Minority Interests and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits (Note 13)	¥ 85,606,235	¥ 80,176,482	\$ 642,448,297
Debentures (Note 14)	15,310,890	17,848,257	114,903,495
Call Money and Bills Sold (Note 15)	9,453,692	13,208,076	70,947,032
Payables under Repurchase Agreements	4,855,073	—	36,435,826
Commercial Paper (Note 16)	711,382	2,369,254	5,338,702
Trading Liabilities (Note 4)	4,883,842	4,687,700	36,651,728
Borrowed Money (Note 17)	2,553,382	3,871,945	19,162,343
Foreign Exchange Liabilities (Note 7)	708,231	273,849	5,315,062
Bonds and Notes (Note 18)	2,966,847	3,998,017	22,265,268
Convertible Bonds (Note 19)	8,432	8,088	63,280
Due to Trust Accounts	1,776,404	1,826,412	13,331,369
Other Liabilities (Note 20)	11,278,184	21,186,842	84,639,285
Reserve for Bonus Payments (Note 21)	21,801	—	163,615
Reserve for Employee Retirement Benefits (Note 22)	36,619	126,050	274,818
Reserve for Possible Losses on Loans Sold	49,647	199,093	372,587
Reserve for Possible Losses on Support of Specific Borrowers	—	159,628	—
Other Reserves (Note 23)	135,154	24,740	1,014,292
Deferred Tax Liabilities (Note 35)	15,741	11,462	118,133
Deferred Tax Liabilities for Revaluation Reserve for Land (Note 25)	335,108	343,728	2,514,885
Acceptances and Guarantees (Note 24)	4,923,244	6,129,641	36,947,424
<b>Total Liabilities</b>	<b>145,629,916</b>	<b>156,449,275</b>	<b>1,092,907,441</b>
<b>Minority Interests</b>	<b>951,091</b>	<b>751,933</b>	<b>7,137,646</b>
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock (Note 26)	2,572,000	2,572,000	19,302,064
Capital Surplus	2,203,747	2,203,747	16,538,446
Revaluation Reserve for Land, net of Taxes (Note 25)	534,447	548,533	4,010,860
Retained Earnings	101,133	1,107,231	758,977
Net Unrealized Losses on Other Securities, net of Taxes (Note 38)	(558,485)	—	(4,191,262)
Foreign Currency Translation Adjustments	(120,167)	(175,430)	(901,820)
Subtotal	4,732,675	6,256,083	35,517,265
Treasury Stock	(1,255)	(1,812)	(9,422)
<b>Total Shareholders' Equity</b>	<b>4,731,420</b>	<b>6,254,270</b>	<b>35,507,843</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>¥ 151,312,427</b>	<b>¥ 163,455,480</b>	<b>\$ 1,135,552,930</b>

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

Financial Data of Mizuho Holdings  
**Consolidated Statements of Operations**

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
<b>Income</b>			
Interest Income (Note 27)	¥ 3,020,489	¥ 3,512,272	\$ 22,667,837
Fiduciary Income	54,443	65,111	408,584
Fee and Commissions Income	544,238	513,194	4,084,339
Trading Income (Note 28)	178,884	156,508	1,342,474
Other Operating Income (Note 29)	651,035	577,125	4,885,820
Other Income (Note 30)	866,499	1,089,530	6,502,813
<b>Total Income</b>	<b>5,315,591</b>	<b>5,913,742</b>	<b>39,891,867</b>
<b>Expenses</b>			
Interest Expenses (Note 27)	1,492,876	2,158,303	11,203,574
Fee and Commissions Expenses	43,156	85,262	323,879
Other Operating Expenses (Note 31)	451,041	431,320	3,384,930
General and Administrative Expenses	1,368,206	1,228,618	10,267,964
Other Expenses (Note 32)	3,385,481	1,530,161	25,406,987
<b>Total Expenses</b>	<b>6,740,762</b>	<b>5,433,665</b>	<b>50,587,334</b>
<b>Income (Loss) before Income Taxes and Minority Interests</b>	<b>(1,425,170)</b>	<b>480,077</b>	<b>(10,695,467)</b>
Income Taxes:			
Current	110,498	51,621	829,258
Deferred	(545,923)	146,376	(4,096,985)
Minority Interests in Net Income (Loss)	(13,701)	70,819	(102,825)
<b>Net Income (Loss)</b>	<b>¥ (976,044)</b>	<b>¥ 211,260</b>	<b>\$ (7,324,915)</b>

Per Share of Common Stock	Yen		U.S. dollars (Note 1)
	2002	2001	2002
Net Income (Loss):			
Basic	¥ (108,003.27)	¥ 20,524.13	\$ (810.53)
Diluted	—	20,109.99	—
Cash Dividends	3,500	7,000*	26.27

\*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. See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## 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 on 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>

**Consolidated Statements of Shareholders' Equity**

Thousands of U.S. dollars (Note 1)

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>\$19,302,064</b>	<b>\$16,538,446</b>	<b>\$4,116,572</b>	<b>\$8,309,433</b>	<b>—</b>	<b>\$(1,316,549)</b>	<b>\$(13,600)</b>	<b>\$46,936,366</b>
Net Unrealized Losses on Other Securities, net of Taxes, at the Initial Application of New Accounting Standard	—	—	—	—	(4,191,262)	—	—	(4,191,262)
Effect of the Change in Foreign Exchange Rate	—	—	—	—	—	414,729	—	414,729
Transfer from Revaluation Reserve for Land	—	—	(101,770)	101,770	—	—	—	—
Transfer from Deferred Tax Liabilities Related to Land Revaluation	—	—	(3,942)	—	—	—	—	(3,942)
Effect of the Change in Scope of Consolidated Subsidiaries	—	—	—	(230)	—	—	—	(230)
Exclusion from Consolidation of Affiliates	—	—	—	(1,316)	—	—	—	(1,316)
Cash Dividends	—	—	—	(325,758)	—	—	—	(325,758)
Bonuses to Directors and Statutory Auditors	—	—	—	(7)	—	—	—	(7)
Net Loss	—	—	—	(7,324,915)	—	—	—	(7,324,915)
Treasury Stock Transactions	—	—	—	—	—	—	4,178	4,178
<b>Balance at March 31, 2002</b>	<b>\$19,302,064</b>	<b>\$16,538,446</b>	<b>\$4,010,860</b>	<b>\$758,977</b>	<b>\$(4,191,262)</b>	<b>\$(901,820)</b>	<b>\$(9,422)</b>	<b>\$35,507,843</b>

Financial Data of Mizuho Holdings  
**Consolidated Statements of Cash Flows**

For the Fiscal Years ended March 31	Millions of yen		Thousands of
	2002	2001	U.S. dollars (Note 1)
			2002
<b>I. Cash Flows from Operating Activities</b>			
Income (Loss) before Income Taxes and Minority Interests	¥ (1,425,170)	¥ 480,077	\$ (10,695,467)
Depreciation	94,749	75,283	711,068
Amortization of Consolidation Differences	21,162	23,002	158,818
Equity in Losses (Income) from Investments in Affiliates	6,771	(18,036)	50,820
Increase (Decrease) in Reserve for Possible Losses on Loans	361,543	(421,915)	2,713,270
Increase (Decrease) in Reserve for Possible Losses on Securities	2,771	(7,631)	20,803
Decrease in Reserve for Possible Losses on Loans Sold	(149,445)	(110,663)	(1,121,545)
Decrease in Reserve for Possible Losses on Support of Specific Borrowers	(159,628)	(64,023)	(1,197,961)
Increase in Reserve for Contingencies	110,171	10,094	826,801
Increase in Reserve for Bonus Payments	21,790	—	163,530
Decrease in Reserve for Retirement Allowance	—	(145,991)	—
Increase (Decrease) in Reserve for Employee Retirement Benefits	(35,370)	125,957	(265,448)
Interest Income—accrual basis	(3,020,489)	(3,512,272)	(22,667,837)
Interest Expenses—accrual basis	1,492,876	2,158,303	11,203,574
Gains on Securities	(201,863)	(700,515)	(1,514,922)
Losses from Money Held in Trust	17,502	9,000	131,350
Foreign Exchange Gains—Net	(413,530)	(578,274)	(3,103,420)
Losses on Disposal of Premises and Equipment	33,119	38,337	248,551
Gains on Establishment of Retirement Benefit Trusts	(89,036)	(11,789)	(668,193)
Net Decrease (Increase) in Trading Assets	3,150,206	(582,053)	23,641,325
Net Decrease in Trading Liabilities	(46,227)	(79,145)	(346,922)
Net Decrease in Loans and Bills Discounted	6,394,050	442,231	47,985,370
Net Increase in Deposits	4,881,370	2,203,779	36,633,175
Net Decrease in Debentures (excluding Subordinated Debentures)	(2,537,366)	(1,531,894)	(19,042,153)
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowed Money)	411,237	(182,296)	3,086,213
Net Decrease in Due from Banks (excluding Deposits with Central Banks)	970,963	253,674	7,286,778
Net Decrease (Increase) in Negotiable Certificates of Deposit	84,287	(46,169)	632,551
Net Decrease in Call Loans	1,319,767	716,387	9,904,445
Net Decrease (Increase) in Cash Placed as Collateral on Securities Borrowed	(528,551)	192,795	(3,966,615)
Net Increase (Decrease) in Call Money	(390,433)	2,053,226	(2,930,082)
Net Increase (Decrease) in Commercial Paper	(1,142,331)	981,573	(8,572,847)
Net Increase (Decrease) in Cash Received as Collateral for Securities Lent	(555,210)	907,528	(4,166,683)
Net Decrease (Increase) in Foreign Exchange Assets	(315,128)	54,677	(2,364,939)
Net Increase (Decrease) in Foreign Exchange Liabilities	424,834	(77,391)	3,188,253
Net Decrease in Issuance, Redemption of Bonds and Notes	(102,909)	(104,109)	(772,306)
Net Increase (Decrease) in Due to Trust Accounts	(50,007)	246,308	(375,294)
Interest Income—cash basis	3,095,889	3,526,703	23,233,694
Interest Expenses—cash basis	(1,603,992)	(2,210,161)	(12,037,471)
Others—net	(3,220,239)	(1,154,274)	(24,166,901)
Subtotal	6,908,130	2,960,333	51,843,383
Cash Paid in Income Taxes	(131,692)	(41,535)	(988,312)
<b>Net Cash Provided by Operating Activities</b>	<b>¥ 6,776,438</b>	<b>¥ 2,918,798</b>	<b>\$ 50,855,071</b>

**Consolidated Statements of Cash Flows**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
<b>II. Cash Flows from Investing Activities</b>			
Payments for Purchase of Securities	¥ (58,967,968)	¥ (80,782,961)	\$ (442,536,351)
Proceeds from Sale of Securities	40,450,103	58,620,081	303,565,502
Proceeds from Redemption of Securities	19,571,083	18,957,642	146,874,922
Payments for Increase in Money Held in Trust	(109,999)	(756,913)	(825,514)
Proceeds from Decrease in Money Held in Trust	429,371	655,289	3,222,303
Payments for Purchase of Premises and Equipment	(193,154)	(117,718)	(1,449,567)
Proceeds from Sale of Premises and Equipment	35,109	63,299	263,488
Payments for Purchase of Stocks of Subsidiaries (affecting the scope of consolidation)	(1,064)	—	(7,988)
Proceeds from Sale of Stocks of Subsidiaries (affecting the scope of consolidation)	318,553	—	2,390,646
Payments for Purchase of Stock of Subsidiaries (not affecting the scope of consolidation)	(1,282)	(961)	(9,622)
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>11,487,819</b>
<b>III. Cash Flows from Financing Activities</b>			
Proceeds from Issuance of Subordinated Borrowed Money	116,000	166,000	870,544
Repayments for Subordinated Borrowed Money	(644,800)	(306,778)	(4,839,024)
Proceeds from Issuance of Subordinated Bonds, Notes and Convertible Bonds	274,033	316,134	2,056,533
Redemption of Subordinated Bonds, Notes and Convertible Bonds	(719,117)	(381,781)	(5,396,754)
Proceeds from Investments in Minority Interests	379,874	800	2,850,841
Payments for Minority Interests	(16,487)	—	(123,734)
Dividends Paid	(43,393)	(43,407)	(325,651)
Stock Transfer Payments	—	(43,351)	—
Dividends Paid for Minority Interests	(43,421)	(42,259)	(325,861)
Purchase of Treasury Stock	(323)	(2,814)	(2,429)
Proceeds from Sales of Treasury Stock	233	2,693	1,752
<b>Net Cash Used in Financing Activities</b>	<b>(697,401)</b>	<b>(334,763)</b>	<b>(5,233,783)</b>
<b>IV. Effects of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>17,731</b>	<b>15,074</b>	<b>133,070</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>7,627,520</b>	<b>(763,083)</b>	<b>57,242,177</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>16,658,954</b>
<b>VII. Net Increase in Cash and Cash Equivalents resulting from Inclusion of Subsidiaries in the scope of Consolidation</b>	<b>46</b>	<b>—</b>	<b>348</b>
<b>VIII. Net Decrease in Cash and Cash Equivalents Resolved from Exclusion of Subsidiaries from the Scope of Consolidation</b>	<b>(5)</b>	<b>(0)</b>	<b>(42)</b>
<b>IX. Cash and Cash Equivalents at the End of the Year (Note 33)</b>	<b>¥ 9,847,366</b>	<b>¥ 2,219,805</b>	<b>\$ 73,901,437</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

The accompanying consolidated financial statements have been prepared from the accounts maintained by Mizuho Holdings, Inc. ("MHHD") 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.

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. 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 exchange of the Three Banks (the "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 are combined at book value. In addition, the Consolidated Statement of Income gives effect to the transaction as if the transaction occurred at the beginning of the fiscal year presented, regardless of when the Combination was in effect.

As there are no accounting requirements for the financial statements to be restated for prior periods under Japanese GAAP, the opening balances of the fiscal year in the Consolidated Statement of Shareholders' Equity are presented, assuming MHHD had existed as of April 1, 2000.

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 ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, 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 MHHD and its subsidiaries (collectively, "MHFG"), including DKB, Fuji Bank, IBJ, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd. and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2002 and 2001 was 171 and 290, respectively. In the fiscal year ended March 31, 2002, UC Card Co., Ltd., Mizuho Preferred Capital (Cayman) 1 Limited and 18 other companies were newly consolidated due to the increase of MHHD's interests in these companies or the incorporation of the companies, and Heller Financial, Inc., its 107 consolidated subsidiaries and 31 other companies were excluded from the scope of consolidation as a result of merger, liquidation and other reasons. The consolidated financial statements for the fiscal years ended March 31, 2002 and 2001 do not include the accounts of ONKD, Inc., FIMCO SPC (Cayman) Limited and other subsidiaries, as they are considered immaterial in terms of the respective group ownerships of Total Assets and Net Income / Net Loss and Retained Earnings.

The number of affiliates accounted for under the equity method as of March 31, 2002 and 2001 was 30 and 91, respectively. Investments in affiliates include The Chiba Kogyo Bank, Ltd. and Shinko Securities Co., Ltd. and other affiliates. In the fiscal year ended March 31, 2002, World Gateway, Inc. and 5 other companies were newly accounted for under the equity method, due to merger or incorporation of the company, and The CIT Group Inc., 55 affiliates of Heller Financial, Inc. and 11 other companies were excluded from the scope of investments accounted for under the equity method as a result of sales and mergers. Non-consolidated subsidiaries, including ONKD, Inc., FIMCO SPC (Cayman) Limited and certain affiliates, are not accounted for under the equity method, as they are not significant for the consolidated financial statements of MHHD.

On consolidation, significant intercompany accounts and transactions have been eliminated. In addition, all significant unrealized profit included in assets resulting from transactions within MHFG 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.

## Notes to Consolidated Financial Statements

### (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 that were incorporated on January 2002, performed tentative closings and prepared financial statements as of and for the period ended March 31, 2002.

Consolidated subsidiaries with fiscal year-ends of June 30 and October 31 performed tentative annual closings and prepared financial statements as of and for the year ended December 31. Other consolidated subsidiaries are consolidated based on 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) Application of Pooling-of-Interests Method

The Combination is accounted for by the pooling-of-interests method as risks and benefits are mutually shared by the former shareholders of the Three Banks and the acquiring entity is unable to be identified. The basis for this conclusion is as follows:

- 1) Almost all of the common stock with voting rights of the Three Banks are exchanged with those of MHHD with substantially identical rights, and there are no significant restrictions to voting rights, and similar rights, on those exchanged stocks.
- 2) Fair values of the Three Banks are not significantly different from one another. Market capitalizations of each of the Three Banks as of August 18, 1999, the day before the announcement of the Combination, were not significantly different from one another. Market capitalizations, calculated by the number of voting common stocks issued multiplied by the closing price at the Tokyo Stock Exchange on August 18, 1999, were as follows:

DKB:	1.094
Fuji Bank:	1.258
IBJ:	1.000
(Market capitalization of IBJ = 1.000)	

Furthermore, market capitalizations based on the average closing price for the period from April 1, 1999 through August 18, 1999, which were used to calculate the stock exchange ratio, were not significantly different from one another as follows:

DKB:	1.078
Fuji Bank:	1.192
IBJ:	1.000
(Market capitalization of IBJ = 1.000)	

- 3) None of the Three Banks has dominance in the decision-making processes of MHHD relating to significant financial, operating or business policies.
- 4) None of the Three Banks has dominance in the Board of Directors or other decision-making bodies of MHHD.

### (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 Sheets. If these amounts have no material impact on the consolidated financial statements of MHHD, 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 Sheets.

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**

MHHD adopted the Accounting Standard for Financial Instruments which requires securities to be classified into three categories based upon management's intent. These securities are to be 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, 2001 and 2002.
- (iii) Other securities, which are not classified as either of trading securities or bonds held to maturity were stated at cost or amortized cost as determined by mainly the moving average method until the fiscal year ended March 31, 2001. In accordance with the requirement of the Accounting Standard for Financial Instruments, effective April 1, 2001, Other securities which have readily determinable fair value are stated at fair value with changes in net unrealized gains or losses, net of the applicable income taxes, included directly in shareholders' equity. The effect of this change was to increase "Money Held in Trust" by ¥376 million (\$2,827 thousand), and to decrease Securities (including Negotiable Certificate of Deposit and Commercial Paper Owned) by ¥ 887,520 million (\$6,660,563 thousand) and to record ¥ 558,485 million (\$4,191,262 thousand) in "Net Unrealized Losses on Other Securities, net of Taxes."

Dividend income was recognized when it was declared until the fiscal year ended March 31, 2001. Effective April 1, 2001, accrued dividends have been recognized based on the best estimates in accordance with the requirement of the Accounting Standard for Financial Instruments. Also, Other securities were recognized and derecognized on the settlement date until the fiscal year ended March 31, 2001. Effective April 1, 2001, Other securities have been recognized and derecognized on trade date in accordance with the requirement of the Accounting Standard for Financial Instruments. The effect of these changes for the year ended March 31, 2002, was to decrease "Securities" by ¥95,767 million (\$718,708 thousand), "Loss before Income Taxes and Minority Interests" by ¥36,081 million (\$270,780 thousand) and increase "Other Assets" and "Other Liabilities" by ¥160,095 million (\$1,201,469 thousand) and ¥28,246 million (\$211,980 thousand), respectively.

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 included in Money Held in Trust are valued mainly on a mark-to-market basis.

## **(3) Securities Transactions with Repurchase and Resale Agreement**

Until the fiscal year ended March 31, 2001, securities transactions with repurchase/resale agreements of domestic consolidated banking subsidiaries were recorded as a purchase or sale transaction. Effective April 1, 2001, these transactions are recorded as cash lending/borrowing and recorded in "Receivables Under Resale Agreements" or "Payables Under Repurchase Agreements." The effect of this change was to increase "Securities in Custody and Other" under "Other Assets" and "Securities Borrowed" in "Other Liabilities" by ¥17,633 million (\$132,337 thousand), respectively. Furthermore, effective April 1, 2001, net payables or receivables arising from pending trades relating to the transactions with repurchase/resale agreements have no longer been recognized in "Other Assets" and "Other Liabilities".

## **(4) 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).

## **(5) Hedge Accounting**

The macro-hedge method is adopted by the domestic banking and certain trust banking consolidated subsidiaries to manage the overall interest rate risks inherent in various financial assets and liabilities, such as loans and deposits on its derivatives used. This risk management method is referred to as the "Risk-Adjusted Approach" in "Tentative Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No.15), under which the deferral method of hedge accounting is used. The effectiveness of hedges is assessed by checking (i) 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 (ii) whether interest risk exposures from hedged items have been reduced.

For certain other assets or liabilities, MHHD applies the deferral method, the fair value method or accrual method specifically allowed for certain interest rate swaps under the new accounting standard for financial instruments. Under the deferral method, the recognition of income or expenses arising from a hedging instrument is deferred until the income or expense arising on the hedged items is recognized. Under the fair value method, any changes in the fair value of the hedged item or hedging instrument are recognized as income or expense as incurred.

## **(6) 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.

Until the fiscal year ended March 31, 2001, domestic banking subsidiaries and domestic trust banking subsidiaries had adopted "New Foreign Accounting Standards," in accordance with the "Tentative Auditing Treatment for the Continuing Adoption of 'New Foreign Accounting Standards' in Banking Industries" (JICPA April 10, 2000). Effective April 1, 2001, domestic consolidated banking subsidiaries and trust banking subsidiaries adopt the accounting prescribed in "Opinion Concerning the Amendment of Accounting Standards for Foreign Currency Transactions" (Business Accounting Deliberation Council, October 22, 1999), excluding the accounting applied based on "Tentative Accounting and Auditing Treatment relating to Adoption of 'Accounting for Foreign Currency Transaction' for Banks" (JICPA Industry Audit Committee Report No. 20). The effect of this change was to increase "Other Assets" by ¥3,563 million (\$26,746 thousand), "Other Liabilities" by ¥9,086 million (\$68,189 thousand), and decrease "Securities" by ¥49 million (\$373 thousand), "Foreign Currency Translation Adjustments" by ¥7,671 million (\$57,570 thousand) and "Loss before Income Taxes and Minority Interests" by ¥2,099 million (\$15,754 thousand).

Based on JICPA Industry Audit Committee Report No. 20, either the deferral method or the mark-to-market method for hedge accounting would be used on certain securities denominated in foreign currencies (except for bonds) to hedge the exchange rate risk associated with these securities, if they are (1) designated as the hedged transaction in advance, and (2) there are spot liabilities in the same foreign currency in excess of the securities denominated in a foreign currency.

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 proceed 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.

Fund swap transactions are accounted as follows based on JICPA Industry Audit Committee Report No. 20:

- 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, are accounted for as follows based on JICPA Industry Audit Committee Report No. 20 (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 fiscal year of these subsidiaries.

## **(7) 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 65 years
Equipment	2 years to 20 years

Until the fiscal year ended March 31, 2001, a certain domestic banking subsidiary had computed depreciation of installed facilities (e.g. electrical and water facilities), and structures (e.g. signboards and fences), using the declining balance method. Effective April 1, 2001, the subsidiary has adopted the straight-line method of depreciation, because the usable value of a building, etc., remains constant over its useful life and thus depreciating the same amount over its useful life presents periodic profit and loss more appropriately. The effect of this change was to decrease "Loss before Income Taxes and Minority Interests" by ¥3,208 million (\$24,077 thousand).

MHHD and domestic consolidated subsidiaries changed the estimated useful life for computers from 6 years to 5 years. As a result of this change, "Loss before Income Taxes and Minority Interests" increased by ¥4,451 million (\$33,410 thousand).

## **(8) 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.

## **(9) 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.

## **(10) 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 credits 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 credits extended to obligors that are not yet legally or formally bankrupt but who are substantially bankrupt, 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 credits 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 credits are 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 ¥3,040,054 million (\$22,814,668 thousand) and ¥2,838,028 million at March 31, 2002 and 2001, respectively.

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.

## Notes to Consolidated Financial Statements

### (11) Reserve for Possible Losses on Securities

The Reserve for Possible Losses on Securities is maintained to provide against possible losses on securities, after taking into consideration the financial conditions and other relevant factors concerning the subject entity.

### (12) 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.

With respect to unrecognized net obligation at the date of initial application of the accounting standard for retirement benefits amounted to ¥351,378 million, ¥144,166 million was expensed due to the establishment of the retirement benefit trust for the year ended March 31, 2001, and the remainder has been recognized equally as an expense primarily over five years.

The consolidated subsidiaries principally have funded pension plans for their employees.

### (13) 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.

### (14) Reserve for Possible Losses on Support of Specific Borrowers

The Reserve for Possible Losses on Support of Specific Borrowers is provided to cover losses on write-off of loans to assist or facilitate the restructuring of certain borrowers.

### (15) Lease Transactions

Finance leases of MHHD 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.

### (16) Scope of Cash and Cash Equivalents in Consolidated Statement of Cash Flows

In the Consolidated Statements of Cash Flows, Cash and Cash Equivalents consist of cash and due from central banks.

### (17) 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.

### (18) Overseas Repurchase Agreement Transactions

In prior years, overseas repurchase agreement transactions had been classified as "Call Loans and Bills Purchased" and "Call Money and Bills Sold" or, "Other Assets" and "Other Liabilities." Effective this fiscal year, these transactions are included in "Receivables under Resale Agreements" or "Payables under Repurchase Agreements" in the amounts of ¥1,757,014 million (\$13,185,848 thousand) and ¥3,854,805 million (\$28,929,124 thousand), respectively.

## (19) 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 domestic banking subsidiaries and domestic trust banking subsidiaries advance tax payments of ¥20,536 million (\$154,123 thousand) and also awarded to the Bank damages of ¥410 million (\$3,077 thousand). On March 29, 2002 the Metropolitan Government lodged an appeal with the Tokyo High Court against the decision.

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 the Bank either of the constitutionality or of the legality of the metropolitan ordinance.

With the implementation of the municipal ordinance, enterprise taxes relating to banks in Tokyo were recorded in Other Expenses in the amounts of ¥23,537 million in the previous year, and ¥27,170 million (\$203,903 thousand) in the current year. As a result, there was a respective decrease (increase) in “Income (Loss) before Income Taxes and Minority Interests” as compared with the previous standards under which enterprise taxes were levied on income. Moreover, there was a decrease in “Income Taxes—Current” of ¥3,131 million in the previous year and no effect in the current year as compared with the previous standards under which enterprise taxes were levied on income. 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 ¥154,352 million (\$1,158,364 thousand) 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 for Revaluation Reserve for Land” of ¥24,522 million (\$184,035 thousand), an increase in the “Revaluation Reserve for Land, net of Taxes” of ¥24,522 million (\$184,035 thousand) and a decrease in “Net Unrealized Losses on Other Securities, net of Taxes” of ¥25,595 million (\$192,089 thousand).

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, the special treatment regarding the tax basis is to be applicable from the fiscal year starting on April 1, 2002.

The enterprise taxes which the banks are required to pay to the Osaka municipal government this term are subject to the supplementary provision 2 of the revised municipal ordinance, which stipulates that the banks shall pay the enterprise taxes based on the lesser of *gyomu ararieki* or income. The domestic banking subsidiaries and domestic trust banking subsidiaries, therefore, filed and paid 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 ordinance as well as the municipal ordinance.

With the implementation of the municipal ordinance, enterprise taxes relating to banks in Osaka were recorded in Other Expenses in the amounts of ¥4,744 million (\$35,603 thousand). As a result, there was an increase in “Loss before Income Taxes and Minority Interests” of the same amount as compared with the previous standards under which enterprise taxes were levied on income. 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 ¥30,238 million (\$226,933 thousand) as compared with the amount that would have resulted if the enterprise taxes had been levied on income instead of gross profits. There was also a decrease in “Deferred Tax Liabilities for Revaluation Reserve for Land” of ¥4,521 million (\$33,933 thousand), an increase in the “Revaluation Reserve for Land, net of Taxes” of ¥4,521 million (\$33,933 thousand) and a decrease in “Net Unrealized Losses on Other Securities, net of Taxes” of ¥4,760 million (\$35,723 thousand).

## Notes to Consolidated Financial Statements

**(20) 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.

**(21) Net Income (Loss) per Share**

Net Income (Loss) per Share is computed based on the weighted-average number of shares of common stock outstanding during the fiscal year.

Net Income per Share (diluted) is computed based on the average number of shares of common stock outstanding during the fiscal year, after giving effect to the dilutive potential of the shares of common stock to be issued upon the conversion of preferred stock.

**4. Trading Assets and Liabilities**

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Trading Assets:</b>			
Trading Securities	¥ 3,437,246	¥ 6,116,519	\$ 25,795,471
Derivatives for Trading Securities	2,638	2,449	19,799
Securities Held to Hedge Trading Transactions	—	47,602	—
Derivatives for Securities Held to Hedge Trading Transactions	34	382	262
Derivatives for Trading Transactions	2,892,170	2,952,840	21,704,844
Other Trading Assets	1,619,329	1,757,680	12,152,565
<b>Total</b>	<b>¥ 7,951,419</b>	<b>¥ 10,877,475</b>	<b>\$ 59,672,941</b>
<b>Trading Liabilities:</b>			
Trading Securities Oversold	¥ 2,138,021	¥ 1,425,289	\$ 16,045,190
Derivatives for Trading Securities	617	1,402	4,635
Securities Oversold to Hedge Trading Transactions	—	45,691	—
Derivatives for Securities Held to Hedge Trading Transactions	8	491	63
Derivatives for Trading Transactions	2,745,195	3,214,825	20,601,840
<b>Total</b>	<b>¥ 4,883,842</b>	<b>¥ 4,687,700</b>	<b>\$ 36,651,728</b>

**5. Securities**

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Japanese National Government Bonds	¥ 10,554,751	¥ 11,641,796	\$ 79,210,143
Japanese Local Government Bonds	372,164	476,375	2,792,983
Japanese Corporate Bonds	1,109,982	1,126,151	8,330,077
Japanese Stock and Shares*1	6,708,121	8,391,951	50,342,372
Others*2	5,363,910	6,426,288	40,254,491
<b>Total</b>	<b>¥ 24,108,931</b>	<b>¥ 28,062,563</b>	<b>\$ 180,930,066</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 (\$844,040 thousand) and ¥141,211 million at March 31, 2002 and 2001, respectively.

\*2 Others included investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method of ¥2,640 million (\$19,818 thousand) and ¥234,687 million at March 31, 2002 and 2001, respectively.

## 6. Loans and Bills Discounted

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Bills Discounted	¥ 1,192,472	¥ 1,278,023	\$ 8,949,136
Loans on Notes	10,583,475	13,167,367	79,425,708
Loans on Deeds	55,177,085	58,106,258	414,086,948
Overdrafts	17,061,042	18,593,064	128,037,840
Financing Receivables, including Factoring, Leasing and Property Financing	579,580	1,142,058	4,349,574
<b>Total</b>	<b>¥ 84,593,656</b>	<b>¥ 92,286,772</b>	<b>\$ 634,849,206</b>

### Loans and Bills Discounted at March 31, 2002 and 2001 include the following:

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Loans to Bankrupt Borrowers*1	¥ 639,269	¥ 470,031	\$ 4,797,522
Non-Accrual Delinquent Loans*2	2,698,586	2,169,692	20,252,054
Loans Past Due for 3 Months or More*3	69,755	124,800	523,492
Restructured Loans*4	2,059,609	1,791,770	15,456,733
<b>Total</b>	<b>¥ 5,467,220*5</b>	<b>¥ 4,556,295</b>	<b>\$ 41,029,801</b>

\*1 Loans to Bankrupt Borrowers represent non-accrual loans to borrowers 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 borrowers in financial difficulties.

\*3 Loans to Bankrupt Borrowers 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 borrowers (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 (\$18,459 thousand) of those amounts are placed in administrative trust established by the Resolution and Collection Corporation, which will be finally disposed of.

### 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 ¥49,800,033 million (\$373,733,836 thousand) as of March 31, 2002. ¥44,154,039 million (\$331,362,398 thousand) of these amounts relate to contracts of which original contractual terms are of a term of one year or less, or unconditionally cancelable at any time as of March 31, 2002.

Since many of these contracts expire without the rights exercised, the unutilized balance itself does not necessarily affect future cash flows of MHHD 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 procedures established, and take measures to control credit risks such as amendments to contracts, if needed.

## Notes to Consolidated Financial Statements

## 7. Foreign Exchange Assets and Liabilities

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Foreign Exchange Assets:</b>			
Foreign Bills Bought	¥ 397,398	¥ 486,300	\$ 2,982,356
Foreign Bills Receivable	222,284	269,833	1,668,177
Advance to Foreign Banks	25,204	7,165	189,148
Due from Banks (Foreign)	542,089	81,978	4,068,217
<b>Total</b>	<b>¥ 1,186,977</b>	<b>¥ 845,277</b>	<b>\$ 8,907,898</b>
<b>Foreign Exchange Liabilities:</b>			
Foreign Bills Sold	¥ 3,786	¥ 33,081	\$ 28,417
Foreign Bills Payable	24,508	27,654	183,926
Advance from Foreign Banks	131,883	75,929	989,746
Due to Banks (Foreign)	548,053	137,183	4,112,973
<b>Total</b>	<b>¥ 708,231</b>	<b>¥ 273,849</b>	<b>\$ 5,315,062</b>

## 8. Other Assets

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Accrued Income	¥ 358,260	¥ 442,344	\$ 2,688,635
Prepaid Expenses	11,706	97,462	87,852
Cash Placed as Collateral on Securities Borrowed	3,313,727	2,785,176	24,868,500
Securities in Custody and Other	2,922,552	4,787,890	21,932,852
Deferred Hedge Losses*1	414,695	516,356	3,112,158
Derivatives	1,076,978	2,190,966	8,082,389
Others*2	2,969,846	4,120,529	22,287,781
<b>Total</b>	<b>¥ 11,067,767</b>	<b>¥ 14,940,725</b>	<b>\$ 83,060,167</b>

\*1 Deferred Hedge Losses is net realized or unrealized losses from hedging instruments. The gross amounts of deferred hedge gains and losses before netting are ¥1,357,005 million (\$10,183,909 thousand) and ¥1,771,700 million (\$13,296,067 thousand), respectively.

\*2 Others included provisional tax payments of ¥222,682 million (\$1,671,163 thousand) made by IBJ. 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 (\$2,822,176 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 their claim is appropriate. Nevertheless, the subsidiary accrued Reserve for Contingency amounting to ¥134,203 million (\$1,007,158 thousand) from the viewpoint of financial soundness and prudent accounting.

## 9. Premises and Equipment

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Land	¥ 1,072,602	¥ 1,093,175	\$ 8,049,548
Buildings	304,707	288,300	2,286,733
Equipment	97,093	79,333	728,660
Others	279,094	252,547	2,094,515
<b>Total</b>	<b>¥ 1,753,497</b>	<b>¥ 1,713,356</b>	<b>\$ 13,159,456</b>
Accumulated Depreciation	¥ 801,712	¥ 793,130	\$ 6,016,605

## 10. Deferred Debenture Charges

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred Discount on Debentures	¥ 2,555	¥ 7,617	\$ 19,175
Deferred Debenture Issuance Costs	2,288	1,913	17,172
<b>Total</b>	<b>¥ 4,843</b>	<b>¥ 9,531</b>	<b>\$ 36,347</b>

## 11. Reserve for Possible Losses on Loans

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
General Reserve for Possible Losses on Loans	¥ 953,410	¥ 780,774	\$ 7,155,051
Specific Reserve for Possible Losses on Loans	962,407	817,943	7,222,574
Reserve for Possible Losses on Loans to Restructuring Countries	34,001	28,914	255,169
<b>Total</b>	<b>¥ 1,949,819</b>	<b>¥1,627,632</b>	<b>\$14,632,794</b>

## 12. Assets Pledged as Collateral

The following assets were pledged as collateral:

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash and Due from Banks	¥ 1,932	¥ 1,761	\$ 14,501
Call Loans and Bills Purchased	—	50,000	—
Trading Assets	2,344,170	1,002,499	17,592,276
Securities	7,881,007	7,473,073	59,144,520
Loans and Bills Discounted	3,684,370	3,273,799	27,650,058
Foreign Exchange Assets	5,189	—	38,942
Other Assets	582,926	344,964	4,374,684
Premises and Equipment	92	136	698

The following liabilities were collateralized by the above assets:

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deposits	¥ 474,581	¥ 452,944	\$ 3,561,591
Call Money and Bills Sold	4,482,500	5,870,347	33,639,775
Payables under Repurchase Agreements	2,522,239	—	18,928,626
Trading Liabilities	194,273	235,254	1,457,966
Borrowed Money	524,963	77,274	3,939,688
Foreign Exchange Liabilities	14,197	—	106,550
Other Liabilities	44,223	64,898	331,885

In addition, Borrowed Money amounting to ¥2,642 million (\$19,832 thousand) was collateralized by stocks which are deposited by customers as collateral for loan transactions in relation to sales of securities as of March 31, 2002. In addition, the settlement accounts of foreign currency transactions or margins for futures transactions are collateralized or substituted by Cash and Due from Banks of ¥64,198 million (\$481,786 thousand), Trading Assets of ¥24,921 million (\$187,031 thousand), Securities of ¥3,014,626 million (\$22,623,836 thousand), Loans and Bills Discounted of ¥187,310million (\$1,405,706 thousand) and Other Assets of ¥20,169 million (\$151,367 thousand) as of March 31, 2002. None of the assets are pledged as collateral in connection with borrowings by the unconsolidated subsidiaries and the affiliates.

Guarantee deposits amounting to ¥158,473 million (\$1,189,294 thousand) were included in Premises and Equipment. Margins for futures transactions amounting to ¥51,809 million (\$388,815 thousand) and margins on securities borrowed amounting to ¥3,313,727 million (\$24,868,500 thousand) were included in Other Assets as of March 31, 2002.

## 13. Deposits

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Current Deposits	¥ 5,828,661	¥ 4,902,910	\$ 43,742,299
Ordinary Deposits	29,170,849	17,662,700	218,918,193
Deposits at Notice	2,059,880	1,935,274	15,458,766
Time Deposits	31,222,513	37,020,164	234,315,296
Certificates of Deposit	11,476,779	12,851,673	86,129,676
Others	5,847,551	5,803,760	43,884,067
<b>Total</b>	<b>¥ 85,606,235</b>	<b>¥ 80,176,482</b>	<b>\$ 642,448,297</b>

## Notes to Consolidated Financial Statements

## 14. Debentures

IBJ issues debentures twice a month and offers them to institutional and private investors as a main source of funds for its operations. It provides debentures with a variety of different terms in order to attract more investors.

At March 31 Description of Debentures	Millions of yen		Thousands of U.S. dollars	Interest rates	
	2002	2001	2002	2002	2001
One-Year Discount Debentures	¥ 3,962,829 [3,962,829]	¥ 5,388,567 [5,388,567]	\$ 29,739,812 [29,739,812]	0.08%–0.14%	0.11%–0.34%
One-Year Discount Debentures (custody only)	266,959 [266,959]	400 [400]	2,003,446 [2,003,446]	0.06%–0.11%	0.06%
Five-Year Coupon Debentures (Series A)	8,693,170 [2,010,420]	9,478,533 [2,169,188]	65,239,550 [15,087,580]	0.65%–2.20%	1.00%–2.70%
Five-Year Coupon Debentures (Series B)	154,229 [37,093]	198,578 [52,441]	1,157,447 [278,376]	0.16%–1.70%	0.20%–2.30%
Five-Year Coupon Debentures (with compounding interests)	852,093 [160,433]	940,695 [209,228]	6,394,695 [1,204,002]	0.16%–1.70%	0.20%–2.30%
Five-Year Coupon Debentures (savings-type)	774,408 [100,519]	802,892 [109,821]	5,811,699 [754,370]	0.16%–1.70%	0.20%–2.30%
Five-Year Coupon Debentures (savings-type with compounding interests)	91,193 [15,445]	93,158 [16,380]	684,375 [115,911]	0.16%–1.70%	0.20%–2.30%
Two-year Coupon Debentures	473,000 [319,800]	917,900 [598,100]	3,549,719 [2,400,000]	0.35%–0.75%	0.30%–0.75%
Three-year Coupon Debentures	15,000 [—]	— [—]	112,570 [—]	0.09%	—
Debentures Denominated in Foreign Currencies	28,006 [—] (US\$75,000)	27,531 [—] (US\$85,000)	210,182 [—] (US\$75,000)	2.54%–9.37%	3.60%–9.37%
<b>Total</b>	<b>¥15,310,890</b>	<b>¥ 17,848,257</b>	<b>\$ 114,903,495</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 2002 ¥6,873,500 million (\$51,583,494 thousand)

2003 ¥2,294,077 million (\$17,216,338 thousand)

2004 ¥2,068,350 million (\$15,522,331 thousand)

2005 ¥2,169,575 million (\$16,281,990 thousand)

2006 ¥1,899,387 million (\$14,254,312 thousand)

4. No collateral was provided for the above Debentures.

## 15. Call Money and Bills Sold

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Call Money	¥ 7,329,547	¥ 11,810,988	\$ 55,005,986
Bills Sold	2,124,144	1,397,087	15,941,046
<b>Total</b>	<b>¥ 9,453,692</b>	<b>¥ 13,208,076</b>	<b>\$ 70,947,032</b>

## 16. Commercial Paper

At March 31	Millions of yen		Thousands of U.S. dollars	Average Interest rates*1	
	2002	2001	2002	2002	2001
Commercial Paper	¥ 711,382	¥ 2,369,254	\$ 5,338,702	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.

## 17. Borrowed Money

At March 31	Millions of yen		Thousands of U.S. dollars	Average Interest rates*1	
	2002	2001	2002	2002	2001
Bills Rediscounted	¥ 8,975	¥ 10,680	\$ 67,361	4.45%	5.21%
Other Borrowings*2,3	2,544,406	3,861,264	19,094,982	2.65	3.56
<b>Total</b>	<b>¥ 2,553,382</b>	<b>¥3,871,945</b>	<b>\$ 19,162,343</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 (\$12,974,796 thousand) and ¥2,261,707 million at March 31, 2002 and 2001, respectively.

\*3 Repayments for Other Borrowings are scheduled for the next five years as follows:

Fiscal 2002	¥1,226,619 million	(\$9,205,399 thousand)
2003	¥ 23,223 million	(\$ 174,288 thousand)
2004	¥ 201,885 million	(\$1,515,089 thousand)
2005	¥ 274,485 million	(\$2,059,931 thousand)
2006	¥ 77,522 million	(\$ 581,782 thousand)

## 18. Bonds and Notes

Major components of Bonds and Notes at March 31, 2002 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	\$ 6,378,987	0.64%–1.19%	Mar. 2008–
			[—]	[—]		
*1	Straight Bonds	Mar. 1998– Aug. 2001	177,900	1,335,084	1.33%–2.54%	Dec. 2010–
			[—]	[—]		
*2	Straight Bonds	Sept. 1997	3,100	23,265	3.00%	Nov. 2012
			[—]	[—]		
*3	Straight Bonds	Dec. 1991– Nov. 2001	672,314	5,045,508	0.00%–5.19%	Feb. 2002–
			[1,319]	[9,899]		
			(US\$208,000)			
			(GBP 7,000)			
*4	Straight Bonds	Nov. 1994– Sep. 2001	693,011	5,200,833	0.36%–8.62%	Jan. 2002–
			[1,294]	[9,714]		
			(US\$1,741,500)			
*5	Straight Bonds	Jun. 1989– Dec. 2001	570,522	4,281,591	0.10%–8.80%	Apr. 2002–
			[75,775]	[568,671]		
			(US\$357,591)			
			(EUR 9,130)			
<b>Total</b>			<b>¥ 2,966,847</b>	<b>\$ 22,265,268</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 brackets ( ).

3. Repayments for Bonds and Notes are scheduled for the next five years as follows:

Fiscal 2002	¥77,069 million	(\$578,385 thousand)
2003	¥14,952 million	(\$112,215 thousand)
2004	¥35,295 million	(\$264,881 thousand)
2005	¥ 8,312 million	(\$ 62,379 thousand)
2006	¥25,392 million	(\$190,567 thousand)

4. Bonds and Notes at March 31, 2002 included subordinated bonds and notes of ¥2,790,850 million (\$20,944,472 thousand).

\*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.

## Notes to Consolidated Financial Statements

## 19. Convertible Bonds

Convertible Bonds at March 31, 2002 were as follows:

Issuer	Description of Debentures	Issue	Millions of yen	Thousands of U.S. dollars	Interest rates	Due
*	Convertible Bonds	Sep. 1987– Jul. 1988	¥8,432 [4,519]	\$63,280 [33,920]	1.75%–2.87%	Sep. 2002– Sep. 2003
			(US\$63,280)			

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 brackets ( ).

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 are scheduled for the next five years as follows:

Fiscal 2002	¥ 4,519 million	(\$33,920 thousand)
2003	¥ 3,912 million	(\$29,360 thousand)
2004	¥ — million	(\$ — thousand)
2005	¥ — million	(\$ — thousand)
2006	¥ — million	(\$ — thousand)

## 20. Other Liabilities

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Accrued Expenses	¥ 338,930	¥ 477,474	\$ 2,543,569
Unearned Income	180,927	206,898	1,357,805
Income Taxes Payable	76,349	91,973	572,981
Cash Received as Collateral on Securities Lent	4,050,050	4,605,260	30,394,375
Securities Borrowed	2,814,054	4,474,393	21,118,607
Derivatives	1,203,042	2,143,396	9,028,459
Others	2,614,829	9,187,445	19,623,489
<b>Total</b>	<b>¥ 11,278,184</b>	<b>¥ 21,186,842</b>	<b>\$ 84,639,285</b>

## 21. 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.

Until the fiscal year ended March 31, 2001, accrued liabilities for bonus payments to employees had been recorded in accrued expenses included in "Other Liabilities." Effective April 1, 2001, they are recorded as "Reserve for Bonus Payments" in accordance with "Concerning Financial Statement Titles to Be Used for Accrued Bonuses for Employees" (JICPA Research Center Review Information No.15). The effect of this change was to decrease Accrued Expenses included in "Other Liabilities" by ¥21,801 million (\$163,615 thousands) and increase "Reserve for Bonus Payments" by ¥21,801 million (\$163,615 thousands) as of March 31, 2002.

## 22. 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") and 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	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Projected Benefit Obligations	¥ (1,370,677)	¥ (1,331,938)	\$ (10,286,510)
Plan Assets	1,087,697	989,281	8,162,832
Unfunded Retirement Benefit Obligations	(282,980)	(342,656)	(2,123,678)
Unrecognized Net Obligation at Date of Initial Application	123,516	165,714	926,951
Unrecognized Actuarial Differences	386,566	141,722	2,901,060
Net Amounts	227,102	(35,220)	1,704,333
Prepaid Pension Cost	263,721	91,027	1,979,151
Other Liabilities	—	(196)	—
<b>Reserve for Employee Retirement Benefits</b>	<b>¥ (36,619)</b>	<b>¥ (126,050)</b>	<b>\$ (274,818)</b>

Note: The above Projected Benefit Obligations includes the governmental welfare program, but does not include additional retirement benefits paid to their 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 Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Service Cost*1	¥ 40,019	¥ 37,666	\$ 300,336
Interest Cost	46,193	45,411	346,669
Expected Return on Plan Assets	(41,188)	(36,610)	(309,106)
Gain on Plan Amendment	(104,493)	—	(784,191)
Amortization of Actuarial Differences	13,789	316	103,489
Amortization of Unrecognized Net Obligation at Date of Initial Application*2	41,928	185,816	314,661
Others (such as Extra Retirement Benefit)	3,796	2,017	28,489
<b>Net Pension Expenses</b>	<b>¥ 46</b>	<b>¥ 234,618</b>	<b>\$ 347</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.

(4) 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
Gain on Plan Amendment	Charged to Income 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

## Notes to Consolidated Financial Statements

## 23. Other Reserves

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Reserve for Contingencies* <sup>1</sup>	¥ 134,203	¥ 24,032	\$ 1,007,158
Reserve for Contingent Liabilities from Futures Transactions	126	104	946
Reserve for Contingent Liabilities from Securities Transactions	824	603	6,188
<b>Total</b>	<b>¥ 135,154</b>	<b>¥ 24,740</b>	<b>\$ 1,014,292</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.

## 24. 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	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Acceptances	¥ 40,779	¥ 33,281	\$ 306,040
Letters of Credit	628,228	683,543	4,714,661
Guarantees	4,254,235	5,412,816	31,926,723
<b>Total</b>	<b>¥ 4,923,244</b>	<b>¥ 6,129,641</b>	<b>\$ 36,947,424</b>

(2) The principal amounts indemnified for jointly operated designated money trusts and loan trusts, which are entrusted to domestic consolidated trust banking subsidiaries, were ¥787,064 million (\$5,906,675 thousand) and ¥1,692,267 million (\$12,699,945 thousand) as of March 31, 2002 and ¥665,796 million and ¥2,394,557 million as of March 31, 2001, respectively.

## 25. 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 ¥228,488 million (\$1,714,734 thousand). Similar treatment has been adopted for certain consolidated overseas subsidiaries.

## 26. Common Stock and Preferred Stock

Common Stock and Preferred Stock at March 31, 2002 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	9,430,250.71	¥ —	¥ 3,500	¥ —	—	—	
First Series Class I Preferred Stock	33,000	33,000	—	22,500	3,000,000	*	—	
Second Series Class II Preferred Stock	100,000	100,000	—	8,200	2,000,000	*	—	
Third Series Class III Preferred Stock	100,000	100,000	—	14,000	2,000,000	*	—	
Fourth Series Class IV Preferred Stock	150,000	150,000	—	47,600	2,000,000	—	*	
Fifth Series Class V Preferred Stock	/	/	—	/	/	/	/	
Sixth Series Class VI Preferred Stock	150,000	150,000	—	42,000	2,000,000	—	*	
Seventh Series Class VII Preferred Stock	125,000	125,000	—	11,000	2,000,000	*	*	
Eighth Series Class VIII Preferred Stock	125,000	125,000	—	8,000	2,000,000	*	*	
Ninth Series Class IX Preferred Stock	140,000	140,000	—	17,500	1,250,000	*	—	
Tenth Series Class X Preferred Stock	140,000	140,000	—	5,380	1,250,000	*	—	

Note : All the outstanding of Fifth Series Class V Preferred Stock was converted into Common Stock on February 1, 2002.

Holders or registered pledgees of Preferred Shares are entitled to receive annual dividends, and distribution of residual assets of MHHD, as set out above in priority to holders of the Shares but pari passu among themselves.

MHHD may pay up to one-half of the annual dividend payable on each class of Preferred Shares as an interim dividend. Dividends on the Preferred Shares are not cumulative. Holders of Preferred Shares are not entitled to vote at a general meeting of shareholders except where the law entitles holders of Preferred Shares to vote.

All Preferred Shares except Class IV Preferred Shares and Class VI Preferred Shares are convertible into Common Shares 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 Shares	September 29, 2000 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 Shares 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 Shares	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 Shares 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 mutatis mutandis.
Third Series Class III Preferred Shares	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 Shares 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 mutatis mutandis.
Seventh Series Class VII Preferred Shares	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 Shares 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 Shares 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.

## Notes to Consolidated Financial Statements

Eighth Series Class VIII Preferred Shares	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 Shares 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 Shares 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 Shares	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 Shares 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 Shares	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 Shares 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.

Notes: 1. If the date to determine the shareholders entitled to exercise their voting rights at a general meeting of the shareholders of MHHD (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 Shares for a subscription price below the "current market price" or "conversion price", a stock split, allotment of securities convertible into Shares at a conversion ratio more favorable than the Preferred Shares, merger or amalgamation, or a capital decrease or consolidation occurs and in certain other circumstances.

Each Preferred Share which has not been converted as described above by the end of the relevant conversion period will be converted into Shares on the day following the end of the conversion period on the following terms:

First Series Class I Preferred Shares	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 Shares 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 (1).
Second Series Class II Preferred Shares	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 Shares 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 (1).

Third Series Class III Preferred Shares	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 Shares 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 (1).
Seventh Series Class VII Preferred Shares	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 Shares 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 higher of the amount equal to 60% of the amount obtained by dividing ¥2,000,000 by the initial conversion ratio or the par value of Shares.
Eighth Series Class VIII Preferred Shares	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 Shares 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 higher of the amount equal to 60% of the amount obtained by dividing ¥2,000,000 by the initial conversion ratio or the par value of Shares.
Ninth Series Class IX Preferred Shares	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 Shares 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 the higher of ¥331,000 or the par value of the Shares.
Tenth Series Class X Preferred Shares	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 Shares 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 the higher of ¥331,000 or the par value of the Shares.

\* Subject to adjustment, where a stock split or consolidation of share capital occurs.

## Notes to Consolidated Financial Statements

## 27. Interest Income and Interest Expenses

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Interest Income:			
Loans and Bills Discounted	¥ 2,059,125	¥2,472,492	\$ 15,453,099
Securities	516,308	451,472	3,874,737
Call Loans and Bills Purchased	16,648	342,679	124,944
Due from Banks	105,905	137,942	794,788
Receivables under Resale Agreements	261,616	—	1,963,348
Other Interest Income	60,884	107,685	456,921
<b>Total</b>	<b>3,020,489</b>	<b>3,512,272</b>	<b>22,667,837</b>
Interest Expenses:			
Deposits	498,640	817,917	3,742,146
Debentures	160,011	207,599	1,200,835
Amortization of Debenture Charges	10,388	14,047	77,959
Call Money and Bills Sold	32,535	478,666	244,166
Payables under Repurchase Agreements	348,619	—	2,616,284
Commercial Paper	19,519	35,390	146,486
Borrowed Money	94,078	116,958	706,030
Bonds and Notes	169,702	173,959	1,273,563
Convertible Bonds	233	218	1,751
Other Interest Expenses	159,147	313,544	1,194,354
<b>Total</b>	<b>1,492,876</b>	<b>2,158,303</b>	<b>11,203,574</b>
<b>Net</b>	<b>¥ 1,527,613</b>	<b>¥ 1,353,969</b>	<b>\$ 11,464,263</b>

## 28. Trading Income

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Trading Income:			
Net Gains on Trading Securities and Derivatives	¥ 28,935	¥ 22,350	\$ 217,155
Net Gains on Securities Held to Hedge Trading Transactions	6,868	10,029	51,543
Net Gains on Derivatives for Trading Transactions	139,915	119,467	1,050,024
Other Trading Income	3,165	4,662	23,752
<b>Total</b>	<b>¥ 178,884</b>	<b>¥ 156,508</b>	<b>\$ 1,342,474</b>

## 29. Other Operating Income

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Gains on Foreign Exchange Transactions	¥ 90,930	¥ 22,754	\$ 682,407
Gains on Sales of Bonds	192,731	198,171	1,446,394
Others	367,372	356,199	2,757,019
<b>Total</b>	<b>¥ 651,035</b>	<b>¥577,125</b>	<b>\$ 4,885,820</b>

## 30. Other Income

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Gains on Sales of Stock and Other Securities	¥ 552,834	¥ 706,968	\$ 4,148,849
Gains on Money Held in Trust	2,253	6,175	16,913
Gains on Sales of Premises and Equipment	3,003	3,386	22,538
Equity in Income from Investment in Affiliates	—	18,036	—
Recovery on Written-off Claims	25,910	16,471	194,453
Gains on Securities Contributed to Employee Retirement Benefit Trust	90,614	85,681	680,031
Gains on Amendment of Employee Retirement Benefit Plan	104,493	—	784,192
Others	87,390	252,809	655,837
<b>Total</b>	<b>¥ 866,499</b>	<b>¥1,089,530</b>	<b>\$ 6,502,813</b>

### 31. Other Operating Expenses

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Amortization of Debenture Issuance Costs	¥ 4,096	¥ 4,646	\$ 30,742
Losses on Sales of Bonds	113,028	64,489	848,245
Losses on Redemption of Bonds	1,142	67	8,575
Losses on Devaluation of Bonds	7,043	781	52,857
Others	325,731	361,335	2,444,511
<b>Total</b>	<b>¥ 451,041</b>	<b>¥ 431,320</b>	<b>\$ 3,384,930</b>

### 32. Other Expenses

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Provision of Reserve for Possible Losses on Loans	¥ 914,226	¥ 289,823	\$ 6,860,986
Write-offs of Claims	1,287,267	376,615	9,660,542
Losses on Sales of Stocks and Other Securities	56,555	46,724	424,428
Losses on Devaluation of Stocks and Other Securities	380,288	140,672	2,853,945
Losses on Money Held in Trust	19,750	15,319	148,218
Losses on Dispositions of Premises and Equipment	35,400	40,150	265,673
Equity in Losses from Investment in Affiliates	6,771	—	50,820
Amortization of Unrecognized Net Obligation at Date of Initial Application of the Accounting Standard for Employee Retirement Benefits	41,928	185,816	314,664
Transfer to Reserve for Contingencies	131,216	—	984,738
Others	512,076	435,039	3,842,973
<b>Total</b>	<b>¥ 3,385,481</b>	<b>¥ 1,530,161</b>	<b>\$ 25,406,987</b>

Others included the following losses:

For the Fiscal Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Provision of Reserve for Possible Losses on Loans Sold	¥ 15,986	¥ 52,472	\$ 119,975
Provision of Reserve for Possible Losses on Support of Specific Borrowers	—	43,421	—

### 33. 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		Thousands of U.S. dollars
	2002	2001	2002
Cash and Due from Banks	¥ 11,720,134	¥ 5,011,232	\$ 87,955,983
Less: Due from Banks except for due from Central Banks	(1,872,768)	(2,791,427)	(14,054,546)
<b>Cash and Cash Equivalents</b>	<b>¥ 9,847,366</b>	<b>¥ 2,219,805</b>	<b>\$ 73,901,437</b>

Breakdown of selected assets and liabilities relating to Heller Financial, Inc. excluded as a result of its sale are as follows

	Millions of yen	Thousands of U.S. dollars
Assets	2,695,729	20,230,615
(of which Loans and Bills Discounted)	2,139,457	16,055,969
Liabilities	(2,356,750)	(17,686,683)
(of which Borrowed Money)	(951,370)	(7,139,738)
Minority Interest	(207,213)	(1,555,073)
Foreign Currency Translation Adjustment	5,100	38,280
Net Unrealized Losses on Other Securities, net of Taxes	(599)	(4,501)
Gains on Sales of Stocks	225,658	1,693,500
Amount of Stocks Sold	361,925	2,716,138
Cash and Cash Equivalents of Heller Financial, Inc.	(44,360)	(332,913)
Net Revenue related to the sales	317,564	2,383,225

## Notes to Consolidated Financial Statements

## 34. 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

At March 31	2002		
	Equipment	Others	Total
Acquisition Cost Equivalents	\$ 565,823	\$ 14,743	\$ 580,566
Accumulated Depreciation Equivalents	297,769	8,730	306,499
Book Value Equivalents	\$ 268,054	\$ 6,013	\$ 274,067

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	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Due in One Year or Less	¥ 12,866	¥ 9,755	\$ 96,561
Due after One Year	38,221	35,755	286,839
<b>Total</b>	<b>¥ 51,088</b>	<b>¥ 45,511</b>	<b>\$ 383,400</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, 2002 amounted to ¥11,746 million (\$88,153 thousand), ¥14,473 million (\$108,620 thousand), and ¥1,139 million (\$8,549 thousand), respectively. The corresponding amounts for the fiscal year ended March 31, 2001 were ¥11,606 million, ¥12,928 million and ¥1,347 million, 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.

## 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	Millions of yen
	2001
Due in One Year or Less	¥ 179,302
Due after One Year	348,991
<b>Total</b>	<b>¥ 528,293</b>

¥210,034 million of the above future lease payments to be received are pledged as collateral as of March 31, 2001.

Lease income, depreciation and interest income equivalents relating to finance leases accounted for as operating leases for the fiscal year ended March 31, 2002 were ¥216,786 million (\$1,626,914 thousand), ¥200,936 million (\$1,507,963 thousand), and ¥14,813 million (\$111,169 thousand), respectively. The corresponding amounts for the fiscal year ended March 31, 2001 were ¥217,609 million, ¥190,604 million, and ¥15,880 million, respectively.

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.

## 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		Thousands of U.S. dollars
	2002	2001	2002
Due in One Year or Less	¥ 11,024	¥ 14,280	\$ 82,735
Due after One Year	68,539	88,793	514,365
<b>Total</b>	<b>¥ 79,563</b>	<b>¥ 103,074</b>	<b>\$ 597,100</b>

### Lessors:

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Due in One Year or Less	—	¥ 3,451	—
Due after One Year	—	3,797	—
<b>Total</b>	<b>—</b>	<b>¥ 7,248</b>	<b>—</b>

## 35. Deferred Tax Assets and Liabilities

Deferred Tax Assets and Liabilities consisted of the following:

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Deferred Tax Assets:</b>			
Reserve for Possible Losses on Loans	¥ 1,301,166	¥ 1,035,529	\$ 9,764,850
Tax Losses Carried Forward	804,999	372,919	6,041,271
Net Unrealized Losses on Other Securities	345,789	—	2,595,039
Securities	225,999	223,276	1,696,058
Reserve for Possible Losses on Loans Sold	18,612	75,454	139,680
Others	285,610	326,239	2,143,421
Deferred Tax Assets Subtotal:	2,982,177	2,033,420	22,380,319
Valuation Allowance	(333,720)	(311,511)	(2,504,472)
<b>Net</b>	<b>¥ 2,648,456</b>	<b>¥ 1,721,909</b>	<b>\$ 19,875,847</b>
<b>Deferred Tax Liabilities:</b>			
Prepaid Pension Cost	¥ (98,013)	¥ (35,434)	\$ (735,559)
Others	(57,074)	(33,967)	(428,324)
<b>Total</b>	<b>¥ (155,087)</b>	<b>¥ (69,401)</b>	<b>\$ (1,163,883)</b>
<b>Net Deferred Tax Assets</b>	<b>¥ 2,493,369</b>	<b>¥ 1,652,508</b>	<b>\$ 18,711,964</b>

Balances reported on the Consolidated Balance Sheets:

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred Tax Assets	¥ 2,509,110	¥ 1,663,971	\$ 18,830,097
Deferred Tax Liabilities	(15,741)	(11,462)	(118,133)
<b>Net Deferred Tax Assets</b>	<b>¥ 2,493,369</b>	<b>¥ 1,652,508</b>	<b>\$ 18,711,964</b>

MHHD and domestic subsidiaries are subject to a number of different income taxes.

## Notes to Consolidated Financial Statements

## 36. 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, 2002 and 2001 and for the fiscal year ended March 31, 2002 and 2001 was as follows:

Millions of yen						
2002 Geographic Area	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>

Millions of yen						
2001 Geographic Area	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>

Thousands of U.S. dollars						
2002 Geographic Area	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expenses	Ordinary Profit	Total Assets
Japan	\$ 26,794,803	\$ 1,131,146	\$ 27,925,949	\$ 38,700,147	\$(10,774,197)	\$1,030,582,014
Americas	7,665,697	1,235,949	8,901,645	7,600,259	1,301,386	102,679,457
Europe	2,659,604	326,756	2,986,361	2,862,608	123,752	55,569,666
Asia / Oceania excluding Japan	1,770,580	448,913	2,219,493	2,351,167	(131,674)	57,868,858
<b>Total</b>	<b>38,890,684</b>	<b>3,142,764</b>	<b>42,033,448</b>	<b>51,514,181</b>	<b>(9,480,733)</b>	<b>1,246,699,995</b>
Elimination and General Corporate Assets	—	(3,142,764)	(3,142,764)	(2,493,289)	(649,475)	(111,147,065)
<b>Consolidated Results</b>	<b>\$ 38,890,684</b>	<b>\$ —</b>	<b>\$ 38,890,684</b>	<b>\$ 49,020,892</b>	<b>\$(10,130,208)</b>	<b>\$1,135,552,930</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 current fiscal year, accrued dividend is recognized based on projected dividend rates amounted 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 (\$270,780 thousand) and Ordinary Loss decreased by the same amount.

### (c) 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		Thousands of U.S. dollars
	2002	2001	2002
Ordinary Income from Overseas Entities	¥ 1,611,776	¥1,742,339	\$ 12,095,881
Total Ordinary Income	5,182,183	5,756,975	38,890,684
Ordinary Income from Overseas Entities' Ratio	31.10%	30.26%	31.10%

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.

## 37. Subsequent Events

### Combination and Reorganization

MHHD succeeded "business of managing a securities company subsidiary and a trust bank subsidiary" from the Three Banks by means of a "Simplified method of a split" provided by the Commercial Code of Japan. As a result, Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. became MHHD's directly-owned subsidiaries on April 1, 2002. MHHD assumed assets of ¥420,000 million and liabilities of ¥220,000 million from the Three Banks and its capital investments in the Three Banks decreased by ¥200,000 million as a result of the splits. Since MHHD did not issue any new stock as part of the splits, its capital stock and capital surplus have remained unchanged.

The Three Banks, which are MHHD's subsidiaries, were combined and reorganized (the "Combination and Reorganization") as Mizuho Corporate Bank and Mizuho Bank on April 1, 2002 by means of split and merger.

Additionally, Fuji Bank changed its name to Mizuho Corporate Bank and DKB to Mizuho Bank.

In the Combination and Reorganization, the businesses and assets and liabilities are transferred among the Three Banks as follows:

(1) DKB succeeded "operations of customer and consumer banking businesses" from Fuji Bank by means of "Split and Absorption." As a result, DKB assumed the following assets and liabilities:

		Millions of yen	
<b>Assets</b>		<b>Liabilities</b>	
Cash and Due from Banks	2,482,514	Deposits	24,360,681
Commercial Paper and Other Debt Purchased	372	Negotiable Certificates of Deposit	1,049,850
Trading Assets	42,249	Trading Liabilities	25,641
Money Held in Trust	690	Borrowed Money	1,470
Securities	5,039,513	Foreign Exchange Liabilities	1,253
Loans and Bills Discounted	18,504,006	Other Liabilities	1,209,586
Foreign Exchange Assets	58,823	Reserve for Bonus Payment	4,776
Other Assets	739,857	Reserve for Employee Retirement Benefits	31,230
Premises and Equipment	455,609	Reserve for Possible Losses on Loans Sold	20,537
Deferred Tax Assets	309,842	Reserve for Possible Losses on Support of Specific Borrowers	32,400
Customers' Liabilities for Acceptances and Guarantees	482,387	Acceptances and Guarantees	482,387
Reserve for Possible Losses on Loans	(286,434)		
Reserve for Possible Losses on Securities	(97,300)		
		<b>Total Liabilities</b>	<b>27,219,815</b>
<b>Total Assets</b>	<b>27,732,133</b>	<b>Net Assets</b>	<b>512,317</b>

## Notes to Consolidated Financial Statements

(2) DKB, as a surviving bank, succeeded "operations of customer and consumer banking businesses" of IBI by means of "Split and Absorption." As a result, DKB assumed the following assets and liabilities:

		Millions of yen	
<b>Assets</b>		<b>Liabilities</b>	
Cash and Due from Banks	4,770,095	Deposits	808,698
Trading Assets	89,449	Negotiable Certificates of Deposit	566,600
Money Held in Trust	851	Debentures	6,101,713
Securities	377,905	Trading Liabilities	89,915
Loans and Bills Discounted	2,855,164	Borrowed Money	846
Foreign Exchange Assets	7,926	Other Liabilities	398,856
Other Assets	52,181	Reserve for Bonus Payments	568
Premises and Equipment	18,691	Reserve for Possible Losses on Loans Sold	1,802
Deferred Debenture Charges	4,095	Acceptances and Guarantees	36,109
Deferred Tax Assets	65,737		
Customers' Liabilities for Acceptances and Guarantees	36,109		
Reserve for Possible Losses on Loans	(70,075)		
Reserve for Possible Losses on Securities	(92)		
		<b>Total Liabilities</b>	<b>8,005,112</b>
<b>Total Assets</b>	<b>8,208,039</b>	<b>Net Assets</b>	<b>202,926</b>

(3) Fuji Bank succeeded "operations of corporate banking businesses" from DKB by means of "Split and Absorption." As a result, Fuji Bank assumed the following assets and liabilities:

		Millions of yen	
<b>Assets</b>		<b>Liabilities</b>	
Cash and Due from Banks	607,542	Deposits	10,684,813
Call Loans	206,573	Negotiable Certificates of Deposit	1,573,086
Commercial Paper and Other Debt Purchased	40,529	Call Money	140,361
Trading Assets	340,418	Trading Liabilities	83,345
Money Held in Trust	43,442	Borrowed Money	2,567
Securities	3,165,489	Foreign Exchange Liabilities	590,231
Loans and Bills Discounted	11,330,954	Other Liabilities	3,255,109
Foreign Exchange Assets	631,786	Reserve for Bonus Payments	1,248
Other Assets	238,880	Reserve for Employee Retirement Benefits	2,546
Premises and Equipment	8,769	Acceptances and Guarantees	1,229,018
Deferred Tax Assets	346,042		
Customers' Liabilities for Acceptances and Guarantees	1,229,018		
Reserve for Possible Losses on Loans	(491,170)		
Reserve for Possible Losses on Securities	(373)		
		<b>Total Liabilities</b>	<b>17,562,329</b>
<b>Total Assets</b>	<b>17,697,905</b>	<b>Net Assets</b>	<b>135,576</b>

(4) Fuji Bank, as another surviving bank, succeeded "operations of corporate banking businesses" of IBI by Merger. As a result, Fuji Bank assumed the following assets and liabilities:

Millions of yen			
Assets		Liabilities	
Cash and Due from Banks	2,868,974	Deposits	13,932,364
Call Loans	215,604	Negotiable Certificates of Deposit	2,715,221
Receivables under Resale Agreements	117,222	Debentures	9,703,856
Commercial Paper and Other Debt Purchased	16,492	Call Money	1,515,354
Trading Assets	1,862,091	Payables under Repurchase Agreements	1,730,554
Money Held in Trust	6	Bills Sold	943,700
Securities	7,243,221	Commercial Paper	60,000
Loans and Bills Discounted	16,342,313	Trading Liabilities	1,332,322
Foreign Exchange Assets	162,892	Borrowed Money	1,481,067
Other Assets	8,172,966	Foreign Exchange Liabilities	37,582
Premises and Equipment	236,233	Other Liabilities	3,327,330
Deferred Debenture Charges	39	Reserve for Bonus Payments	1,370
Deferred Tax Assets	466,067	Reserve for Employee Retirement Benefits	5,767
Customers' Liabilities for Acceptances and Guarantees	1,428,491	Reserve for Contingencies	134,203
Reserve for Possible Losses on Loans	(288,992)	Deferred Tax Liabilities for Revaluation Reserve for Land	54,141
Reserve for Possible Losses on Securities	(87)	Acceptances and Guarantees	1,428,491
		<b>Total Liabilities</b>	<b>38,403,327</b>
<b>Total Assets</b>	<b>38,843,537</b>	<b>Net Assets</b>	<b>440,209</b>

As a result of the Combination and Reorganization, MHHD's capital surplus decreased by ¥1,849,982 million. The offsetting accounts are summarized as follows:

Decrease in Securities	¥ 847,166 million
Decrease in Other Assets	¥ 167,298 million
Decrease in Revaluation Reserve for Land, net of Taxes	¥ 111,660 million
Increase in Retained Earnings	¥ 896,131 million
Increase in Foreign Currency Translation Adjustments	¥ 51,045 million

### Appropriation of Retained Earnings

The following Appropriation of Retained Earnings was approved at the shareholders' meeting held on June 25, 2002.

		Millions of yen	Thousands of U.S. dollars
Cash Dividends:			
First Series Class I Preferred Shares	¥ 22,500 per Share	¥ 742	\$ 5,572
Second Series Class II Preferred Shares	¥ 8,200 per Share	820	6,154
Third Series Class III Preferred Shares	¥ 14,000 per Share	1,400	10,507
Fourth Series Class IV Preferred Shares	¥ 47,600 per Share	7,140	53,583
Sixth Series Class VI Preferred Shares	¥ 42,000 per Share	6,300	47,280
Seventh Series Class VII Preferred Shares	¥ 11,000 per Share	1,375	10,319
Eighth Series Class VIII Preferred Shares	¥ 8,000 per Share	1,000	7,505
Ninth Series Class IX Preferred Shares	¥ 17,500 per Share	2,450	18,386
Tenth Series Class X Preferred Shares	¥ 5,380 per Share	753	5,653
Common Shares	¥ 3,500 per Share	33,004	247,692

## Notes to Consolidated Financial Statements

## 38. Market 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		Market 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
Others	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		Market 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
Others	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

At March 31, 2002	Thousands of U.S. dollars			
	Cost	Gross unrealized		Market value
		Gains	Losses	
Other Securities* <sup>2, 3</sup>	\$ 174,342,348	\$ 3,451,351	\$ 10,112,587	\$ 167,681,112
Stocks* <sup>4</sup>	53,225,328	3,073,529	8,676,466	47,622,391
Bonds:	83,332,684	116,205	217,710	83,231,179
Japanese National Government Bonds	79,331,305	58,256	179,419	79,210,142
Japanese Local Government Bonds	1,938,159	38,982	8,249	1,968,892
Corporate Bonds	2,063,220	18,967	30,042	2,052,145
Others	37,784,336	261,617	1,218,411	36,827,542
Money Held in Trust* <sup>3</sup>				
Other Money Held in Trust	77,113	2,827	—	79,940

\*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				Thousands of U.S. dollars	
	2002		2001		2002	
	Market value	Unrealized gains (losses)	Market value	Unrealized gains (losses)	Market value	Unrealized gains (losses)
Trading Securities	¥ 5,056,575	¥ (2,276)	¥ 7,921,803	¥ 6,489	\$ 37,948,036	\$ (17,084)
Money Held in Trust for Investment Purpose	59,110	(1,261)	386,918	(13,645)	443,609	(9,465)

\*2 In addition to the balances shown in the above table, Other Securities included securities without market values such as unlisted stock (excluding OTC stock) of ¥249,969 million (\$1,875,942 thousand) and ¥337,990 million and non-publicly offered bonds of ¥946,344 million (\$7,102,023 thousand) and ¥880,731 million as of March 31, 2002 and 2001, respectively.

\*3 As described in Note 3 (2), unrealized gains and losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

\*4 Market 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
Others	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
Others	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>

At March 31, 2002	Thousands of U.S. dollars			
	Within 1 year	1–5 years	5–10 years	Over 10 years
Bonds:	\$ 29,629,327	\$ 39,415,414	\$ 20,972,603	\$ 165,765
Japanese National Government Bonds	28,923,268	33,283,658	17,003,217	—
Japanese Local Government Bonds	60,045	626,940	2,026,147	79,852
Corporate Bonds	646,014	5,504,816	1,943,239	85,913
Others	7,910,915	15,701,697	7,274,170	7,529,533
<b>Total</b>	<b>\$ 37,540,242</b>	<b>\$ 55,117,111</b>	<b>\$ 28,246,773</b>	<b>\$ 7,695,298</b>

## Other Securities sold during the fiscal year

For the Fiscal Years ended March 31	Millions of yen					
	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

For the Fiscal Year ended March 31	Thousands of U.S. dollars		
	2002		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Other Securities	\$ 301,181,087	\$ 3,117,353	\$ 902,754

## Net Unrealized Gains (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	Thousands of U.S. dollars
Difference between cost and market value	¥ (888,132)	\$ (6,665,162)
Other Securities	(888,509)	(6,667,989)
Other Money Held in Trust	376	2,827
Deferred Tax Assets	331,281	2,486,164
Deferred Tax Liabilities	4,209	31,593
Difference between cost and market value, net of Taxes	(561,061)	(4,210,591)
Amount corresponding to Minority Interests	1,586	11,903
Amount corresponding to Net Unrealized Losses on Other Securities owned by affiliated companies, which corresponds to the holding shares by their investor companies	989	7,426
<b>Net Unrealized Losses on Other Securities, net of Taxes</b>	<b>¥ (558,485)</b>	<b>\$ (4,191,262)</b>

**Notes to Consolidated Financial Statements**

At March 31, 2001	Millions of yen
Difference between book value and market 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 market 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: As described in Note 3 (2), unrealized losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

**39. 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) Others products**

Credit derivatives, futures (Commodity-related), options (Commodity-related), 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 Credit Risk Management Policy. MHHD 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 ¥4,171,851 million.

**(ii) Market risk management structure**

The Market Risk Management Policy is determined by the Board of Directors, and MHHD 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.

MHHD 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.

MHHD 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, MHHD 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: ¥12.0 billion and ¥13.4 billion for the fiscal years ended March 31, 2002 and 2001, respectively
- Average: ¥ 9.7 billion and ¥ 9.8 billion for the fiscal years ended March 31, 2002 and 2001, respectively

The period covered is from April 1, 2001 to March 31, 2002, and October 2, 2000 to March 30, 2001, respectively.

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.

## Notes to Consolidated Financial Statements

## Credit risk equivalent amounts

Credit risk equivalent amounts at March 31, 2002 and 2001 consisted of the following:

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Interest rate Swaps	¥ 8,590,445	¥ 7,358,096	\$ 64,468,630
Currency Swaps	1,283,201	1,137,870	9,630,027
Foreign Exchange Forward Transactions	1,233,627	2,227,921	9,257,995
Interest rate Options (Buy)	100,999	71,456	757,971
Currency Options (Buy)	291,251	221,859	2,185,750
Other Financial Derivative Products	139,306	119,521	1,045,450
Effect of Reduction in the Credit Risk Equivalent Amount due to Lump-sum Settlement Netting Contracts	(7,466,979)	(6,798,896)	(56,037,370)
<b>Total</b>	<b>¥ 4,171,851</b>	<b>¥ 4,337,831</b>	<b>\$ 31,308,453</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, 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			Millions of yen	
	Total	Over one year	Market value	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>	

At March 31, 2002	Contract value			Thousands of U.S. dollars	
	Total	Over one year	Market value	Unrealized gains (losses)	
	Listed:				
Futures:					
Sold	\$ 52,694,621	\$ 17,905,082	\$ 28,236	\$ 28,236	
Bought	28,119,951	17,362,565	11,425	11,425	
Options:					
Sold	15,530,266	1,284,161	55,649	(21,042)	
Bought	14,483,270	1,720,222	43,408	12,258	
Over-the-Counter:					
FRAs:					
Sold	227,247,908	57,222,075	239,072	239,072	
Bought	220,629,659	57,658,421	(218,899)	(218,899)	
Swaps:					
Receive Fixed / Pay Float	1,945,430,093	1,215,083,624	57,674,442	57,674,442	
Receive Float / Pay Fixed	1,923,143,051	1,176,133,472	(54,493,417)	(54,493,417)	
Receive Float / Pay Float	115,091,346	80,795,022	(6,639)	(6,639)	
Receive Fixed / Pay Fixed	23,040,344	20,750,293	9,568	9,568	
Options:					
Sold	85,107,758	59,036,009	(325,822)	(507,165)	
Bought	76,945,273	56,466,470	635,020	546,085	
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 3,273,924</b>	

Notes: 1. The above transactions are marked to market and change 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.

## Notes to Consolidated Financial Statements

## (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
Others:				
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
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>¥ 101,465</b>

At March 31, 2002	Contract value		Market value	Thousands of U.S. dollars
	Total	Over one year		Unrealized gains (losses)
Over-the-Counter:				
Currency Swaps	\$ 159,198,544	\$ 102,444,508	\$ 1,217,985	\$ 373,632
Others:				
Sold	104,736	104,736	(316)	(317)
Bought	32,504	4,949	3,923	3,923
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 377,238</b>

- Notes: 1. The above transactions are marked to market and charge 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)

At March 31, 2002	Thousands of U.S. dollars		
	Contract value	Market value	Unrealized gains (losses)
Currency Swaps	\$ 6,198,146	\$ 111,834	\$ (73,472)

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 charge 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	Millions of yen		Thousands of U.S. dollars			
	2002		2001			
	Contract value		Contract value			
Listed:						
Futures:						
Sold	¥	—	¥	1,469	\$	—
Bought		—		209		—
Over-the-Counter:						
Forwards:						
Sold		14,927,469		24,321,306		112,026,039
Bought		19,822,319		28,970,975		148,760,368
Options:						
Sold		4,987,169		4,608,183		37,427,160
Bought		4,830,134		4,571,896		36,248,666

### (3) Stock-Related Transactions

At March 31	Millions of yen							
	2002				2001			
	Contract value		Market value	Unrealized gains (losses)	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year				Total		
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>

At March 31, 2002	Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year		
Listed:				
Index Futures:				
Sold	\$ 306,883	\$ —	\$ 4,889	\$ 4,889
Bought	336	—	(3)	(3)
Index Futures Options:				
Sold	146,600	—	350	736
Bought	76,735	—	1,467	540
Over-the-Counter:				
Options:				
Sold	93,846	14,446	2,819	(410)
Bought	135,320	39,862	10,468	4,329
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 10,081</b>

Notes: 1. The above transactions are marked to market and change 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.

## Notes to Consolidated Financial Statements

## (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>

Thousands of U.S. dollars

At March 31, 2002	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year		
	Listed:			
Index Futures:				
Sold	\$ 3,854,500	\$ —	\$ 14,962	\$ 14,962
Bought	2,724,631	58,924	(5,727)	(5,727)
Index Futures Options:				
Sold	7,428,473	395,947	7,261	(6,417)
Bought	6,986,959	791,895	10,772	7,601
Over-the-Counter:				
Options:				
Sold	1,849,377	3,774	189	(737)
Bought	1,851,527	—	751	167
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 9,849</b>

Notes: 1. The above transactions are marked to market and change 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.

## (5) Commodity-Related Transactions

At March 31	Millions of yen							
	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>

At March 31, 2002	Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year		
Over-the-Counter:				
Options:				
Sold	\$ 293,883	\$ 165,765	\$ 28,179	\$ (6,985)
Bought	293,883	165,765	28,251	9,455
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 2,470</b>

Notes: 1. The above transactions are marked to market and change 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 Derivatives Transactions

At March 31	Millions of yen							
	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>

At March 31, 2002	Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year		
Over-the-Counter:				
Credit Derivatives:				
Sold	\$ 517,727	\$ 330,203	\$ (4,333)	\$ (4,333)
Bought	3,220,569	3,095,637	189,345	189,345
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ 185,012</b>

Notes: 1. The above transactions are marked to market and change 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.

**Notes to Consolidated Financial Statements****(7) Weather Derivatives Transactions**

At March 31	2002				2001				Millions of yen
	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>	

At March 31, 2002	Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gains (losses)
	Total	Over one year		
Over-the-Counter:				
Weather Derivatives:				
Sold	\$ 1,732	\$ —	\$ 2	\$ (2)
Bought	1,732	—	2	2
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>\$ —</b>

Notes: 1. The above transactions are marked to market and change in unrealized gains (losses) are included in the Consolidated Statements of Operations.

2. Transactions are related to temperature and precipitation.

## **150** *Non-Consolidated Financial Statements of Mizuho Holdings and the Former Five Core Subsidiaries*

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## Non-Consolidated Balance Sheets

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Assets</b>			
<b>Current Assets</b>	¥ 66,645	¥ 47,278	\$ 500,153
Cash and Due from Banks	46,736	28,244	350,746
Other Current Assets	19,908	19,033	149,407
<b>Non-current Assets</b>	7,398,775	7,362,267	55,525,517
Tangible Fixed Assets	2,630	2,344	19,742
Intangible Assets	3,302	876	24,787
Investments in Subsidiaries (Stocks)	6,541,059	6,507,049	49,088,627
Investments in Subsidiaries (Bonds)	650,000	650,000	4,878,049
Long-term Loans to Subsidiary	200,000	200,000	1,500,938
Other Investments	1,782	1,996	13,374
<b>Deferred Charges</b>	2,314	3,086	17,372
<b>Total Assets</b>	¥ 7,467,735	¥ 7,412,632	\$ 56,043,042
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>	¥ 1,255	¥ 1,225	\$ 9,426
Accrued Expenses	649	279	4,876
Accrued Taxes	465	766	3,490
Other Current Liabilities	141	178	1,060
<b>Non-current Liabilities</b>	850,000	850,000	6,378,987
Bonds	850,000	850,000	6,378,987
<b>Total Liabilities</b>	851,255	851,225	6,388,413
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock	2,572,000	2,572,000	19,302,064
Capital Surplus	3,891,642	3,891,642	29,205,570
Retained Earnings	152,923	97,764	1,147,640
Appropriated Reserve	4,350	—	32,645
Unappropriated Retained Earnings	148,573	97,764	1,114,995
Subtotal	6,616,565	6,561,407	49,655,274
Treasury Stock	(85)	—	(645)
<b>Total Shareholders' Equity</b>	6,616,479	6,561,407	49,654,629
<b>Total Liabilities and Shareholders' Equity</b>	¥ 7,467,735	¥ 7,412,632	\$ 56,043,042

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

## Non-Consolidated Statements of Operations

For the Fiscal Year / Period ended March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Operating Income</b>	<b>¥ 123,082</b>	<b>¥ 114,020</b>	<b>\$ 923,697</b>
Dividends on Investments in Subsidiaries (Stocks)	96,797	95,957	726,438
Fees and Commissions Received from Subsidiaries	18,366	12,338	137,839
Interest Income on Investments in Subsidiaries (Bonds)	6,176	4,439	46,352
Interest Income on Loans to Subsidiary	1,741	1,283	13,068
<b>Operating Expenses</b>	<b>22,301</b>	<b>13,961</b>	<b>167,369</b>
Interest Expenses on Bonds	7,913	5,723	59,385
General and Administrative Expenses	14,388	8,237	107,984
<b>Operating Profits</b>	<b>100,780</b>	<b>100,059</b>	<b>756,328</b>
<b>Non-operating Income</b>	<b>38</b>	<b>54</b>	<b>288</b>
<b>Non-operating Expenses</b>	<b>913</b>	<b>820</b>	<b>6,855</b>
<b>Income before Income Taxes</b>	<b>99,905</b>	<b>99,293</b>	<b>749,761</b>
<b>Income Taxes:</b>			
Current	1,319	1,678	9,906
Deferred	20	(149)	151
<b>Net Income</b>	<b>¥ 98,565</b>	<b>¥ 97,764</b>	<b>\$ 739,704</b>

Notes: 1. The fiscal period ended March 31, 2001 represents a period from September 29, 2000.

2. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

3. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

## Non-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	¥ 4,548,383	¥ 1,820,781	\$ 34,134,212
Call Loans	319,573	197,108	2,398,303
Other Debt Purchased	40,531	1,538	304,178
Trading Assets	1,831,694	3,947,367	13,746,297
Money Held in Trust	43,442	328,785	326,025
Securities	7,806,381	7,151,958	58,584,478
Loans and Bills Discounted	30,919,214	31,550,945	232,039,134
Foreign Exchange Assets	731,491	315,527	5,489,620
Other Assets	2,471,700	3,009,652	18,549,348
Premises and Equipment	790,567	765,632	5,932,963
Deferred Tax Assets	901,121	522,539	6,762,636
Customers' Liabilities for Acceptances and Guarantees	2,464,268	2,811,452	18,493,573
Reserve for Possible Losses on Loans	(853,355)	(603,214)	(6,404,171)
Reserve for Possible Losses on Securities	(389)	(1,787)	(2,926)
<b>Total Assets</b>	<b>¥ 52,014,626</b>	<b>¥ 51,818,289</b>	<b>\$ 390,353,670</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits	¥ 36,776,213	¥ 33,883,192	\$ 275,994,101
Call Money and Bills Sold	3,945,261	4,087,584	29,607,963
Payables under Repurchase Agreement	330,473	—	2,480,103
Commercial Paper	316,000	573,000	2,371,482
Trading Liabilities	1,009,544	1,125,595	7,576,318
Borrowed Money	1,635,881	1,836,786	12,276,784
Foreign Exchange Liabilities	595,545	166,538	4,469,381
Other Liabilities	2,788,642	4,519,755	20,927,897
Reserve for Bonus Payments	6,526	—	48,981
Reserve for Possible Losses on Loans Sold	25,926	113,485	194,573
Other Reserves	6	6	48
Deferred Tax Liabilities for Revaluation Reserve for Land	196,572	202,950	1,475,212
Acceptances and Guarantees	2,464,268	2,811,452	18,493,573
<b>Total Liabilities</b>	<b>50,090,862</b>	<b>49,320,347</b>	<b>375,916,416</b>
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock	858,784	858,784	6,444,914
Capital Surplus	747,181	747,181	5,607,364
Revaluation Reserve for Land, net of Taxes	309,274	319,176	2,321,011
Retained Earnings:	154,935	572,799	1,162,746
Appropriated Reserve	492,693	465,597	3,697,514
Unappropriated Retained Earnings	(337,757)	107,201	(2,534,768)
Net Unrealized Losses on Other Securities, net of Taxes	(146,412)	—	(1,098,781)
<b>Total Shareholders' Equity</b>	<b>1,923,764</b>	<b>2,497,941</b>	<b>14,437,254</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥52,014,626</b>	<b>¥51,818,289</b>	<b>\$390,353,670</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

3. Unrealized gains and losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

## Non-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	¥ 799,626	¥ 949,887	\$ 6,000,947
Loans and Bills Discounted	629,218	759,361	4,722,087
Securities	127,897	123,412	959,831
Fee and Commissions Income	126,363	120,865	948,317
Trading Income	35,987	42,893	270,075
Other Operating Income	93,350	93,233	700,563
Other Income	256,922	285,954	1,928,124
<b>Total Income</b>	<b>1,312,249</b>	<b>1,492,835</b>	<b>9,848,026</b>
<b>Expenses</b>			
Interest Expenses	258,495	422,349	1,939,932
Deposits	113,541	231,037	852,090
Fee and Commissions Expenses	34,042	32,890	255,482
Other Operating Expenses	27,284	49,498	204,764
General and Administrative Expenses	384,393	374,311	2,884,753
Other Expenses	1,292,236	503,504	9,697,831
<b>Total Expenses</b>	<b>1,996,453</b>	<b>1,382,553</b>	<b>14,982,762</b>
<b>Income (Loss) before Income Taxes</b>	<b>(684,203)</b>	<b>110,281</b>	<b>(5,134,736)</b>
Income Taxes:			
Current	312	21,717	2,346
Deferred	(291,850)	16,021	(2,190,245)
<b>Net Income (Loss)</b>	<b>¥(392,666)</b>	<b>¥ 72,541</b>	<b>\$(2,946,837)</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

## Non-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	¥ 3,968,495	¥ 1,985,789	\$ 29,782,330
Call Loans and Bills Purchased	314,385	316,494	2,359,365
Other Debt Purchased	63,537	53,835	476,829
Trading Assets	1,564,263	2,003,435	11,739,312
Money Held in Trust	690	26,364	5,181
Securities	8,346,690	10,526,340	62,639,328
Loans and Bills Discounted	30,457,654	31,666,743	228,575,267
Foreign Exchange Assets	265,487	305,079	1,992,398
Other Assets	1,752,924	2,692,520	13,155,157
Premises and Equipment	527,312	522,999	3,957,314
Deferred Tax Assets	763,161	565,485	5,727,288
Customers' Liabilities for Acceptances and Guarantees	2,462,953	3,343,835	18,483,706
Reserve for Possible Losses on Loans	(477,107)	(473,026)	(3,580,546)
Reserve for Possible Losses on Securities	(99,279)	(98,425)	(745,062)
<b>Total Assets</b>	<b>¥ 49,911,168</b>	<b>¥ 53,437,473</b>	<b>\$ 374,567,867</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits	¥ 36,185,885	¥ 33,731,546	\$ 271,563,865
Call Money and Bills Sold	2,973,437	3,457,195	22,314,728
Payables under Repurchase Agreements	334,021	—	2,506,725
Commercial Paper	210,500	579,000	1,579,737
Trading Liabilities	1,096,029	1,171,579	8,225,360
Borrowed Money	1,635,243	1,998,304	12,271,998
Foreign Exchange Liabilities	102,085	88,389	766,123
Bonds and Notes	300,000	300,000	2,251,407
Other Liabilities	2,393,047	6,108,022	17,959,082
Reserve for Bonus Payments	5,620	—	42,179
Reserve for Employee Retirement Benefits	15,299	57,022	114,816
Reserve for Possible Losses on Loans Sold	20,537	62,488	154,127
Reserve for Possible Losses on Support of Specific Borrowers	32,400	35,712	243,152
Other Reserves	78	78	588
Deferred Tax Liabilities for Revaluation Reserve for Land	81,150	83,122	609,009
Acceptances and Guarantees	2,462,953	3,343,835	18,483,706
<b>Total Liabilities</b>	<b>47,848,289</b>	<b>51,016,298</b>	<b>359,086,602</b>
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock	1,039,544	1,039,544	7,801,456
Capital Surplus	929,907	929,907	6,978,671
Revaluation Reserve for Land, net of Taxes	131,340	134,475	985,673
Retained Earnings:	153,000	317,247	1,148,223
Appropriated Reserve	231,471	223,873	1,737,123
Unappropriated Retained Earnings	(78,470)	93,373	(588,900)
Net Unrealized Losses on Other Securities, net of Taxes	(190,914)	—	(1,432,758)
<b>Total Shareholders' Equity</b>	<b>2,062,878</b>	<b>2,421,174</b>	<b>15,481,265</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 49,911,168</b>	<b>¥ 53,437,473</b>	<b>\$ 374,567,867</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

3. Unrealized gains and losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

## Non-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	¥ 892,138	¥ 1,010,628	¥ 6,695,224
Loans and Bills Discounted	661,628	784,299	4,965,318
Securities	163,556	113,214	1,227,440
Fee and Commissions Income	133,227	127,418	999,832
Trading Income	45,479	38,541	341,313
Other Operating Income	94,410	32,460	708,518
Other Income	172,615	400,565	1,295,425
<b>Total Income</b>	<b>1,337,871</b>	<b>1,609,614</b>	<b>10,040,312</b>
<b>Expenses</b>			
Interest Expenses	342,359	519,475	2,569,304
Deposits	216,668	358,632	1,626,033
Fee and Commissions Expenses	54,427	48,079	408,461
Trading Expenses	515	15,573	3,869
Other Operating Expenses	33,563	15,902	251,885
General and Administrative Expenses	362,687	346,140	2,721,858
Other Expenses	755,317	556,846	5,668,427
<b>Total Expenses</b>	<b>1,548,871</b>	<b>1,502,017</b>	<b>11,623,804</b>
<b>Income (Loss) before Income Taxes</b>	<b>(211,000)</b>	<b>107,596</b>	<b>(1,583,492)</b>
Income Taxes:			
Current	267	274	2,006
Deferred	(81,667)	39,176	(612,886)
<b>Net Income (Loss)</b>	<b>¥ (129,600)</b>	<b>¥ 68,145</b>	<b>¥ (972,612)</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

## Non-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	¥ 2,869,063	¥ 1,040,678	\$ 21,531,435
Call Loans and Bills Purchased	215,604	354,657	1,618,043
Receivables under Resale Agreements	117,222	—	879,716
Other Debts Purchased	16,492	32,141	123,773
Trading Assets	1,951,540	2,363,954	14,645,709
Money Held in Trust	857	6,274	6,437
Securities	7,895,986	9,632,464	59,256,934
Loans and Bills Discounted	19,197,477	22,480,014	144,071,127
Foreign Exchange Assets	170,818	176,692	1,281,943
Other Assets	4,628,316	5,537,755	34,734,082
Premises and Equipment	254,924	235,039	1,913,127
Deferred Debenture Charges	4,134	9,540	31,028
Deferred Tax Assets	632,366	323,827	4,745,712
Customers' Liabilities for Acceptances and Guarantees	1,464,601	1,786,157	10,991,377
Reserves for Possible Losses on Loans	(359,067)	(263,538)	(2,694,694)
Reserve for Possible Losses on Securities	(179)	—	(1,345)
<b>Total Assets</b>	<b>¥ 39,060,159</b>	<b>¥ 43,715,659</b>	<b>\$ 293,134,404</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits	¥ 9,522,884	¥ 8,308,958	\$ 71,466,297
Debentures	15,805,570	18,395,801	118,615,912
Call Money and Bills Sold	2,459,054	4,015,726	18,454,441
Payables under Repurchase Agreements	1,730,554	—	12,987,274
Commercial Paper	123,000	611,000	923,077
Trading Liabilities	1,422,237	1,303,747	10,673,454
Borrowed Money	1,481,914	1,483,347	11,121,307
Foreign Exchange Liabilities	37,582	31,540	282,042
Other Liabilities	3,726,187	5,792,429	27,963,882
Reserves for Bonus Payments	1,939	—	14,552
Reserves for Employee Retirement Benefits	797	50,107	5,984
Reserves for Possible Losses on Loans Sold	1,802	19,425	13,530
Reserves for Possible Losses on Support of Specific Borrowers	—	141,025	—
Other Reserves	134,203	24,032	1,007,158
Deferred Tax Liabilities for Revaluation Reserve for Land	56,712	56,933	425,613
Acceptances and Guarantees	1,464,601	1,786,157	10,991,377
<b>Total Liabilities</b>	<b>37,969,041</b>	<b>42,020,231</b>	<b>284,945,900</b>
<b>Shareholders' Equity</b>			
Common Stock and Preferred Stock	673,605	673,605	5,055,199
Capital Surplus	570,132	570,132	4,278,665
Revaluation Reserves for Land, net of Taxes	90,631	91,061	680,163
Retained Earnings (Deficits):	(50,188)	360,630	(376,651)
Appropriated Reserves	307,916	275,154	2,310,819
Unappropriated Retained Earnings	(358,105)	85,475	(2,687,470)
Net unrealized Losses on Other Securities, net of Taxes	(193,062)	—	(1,448,872)
<b>Total Shareholders' Equity</b>	<b>1,091,118</b>	<b>1,695,428</b>	<b>8,188,504</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 39,060,159</b>	<b>¥ 43,715,659</b>	<b>\$ 293,134,404</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

3. Unrealized gains and losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

## Non-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	¥ 700,316	¥ 873,448	¥ 5,255,658
Loans and Bills Discounted	429,231	555,845	3,221,251
Securities	201,586	201,994	1,512,847
Fee and Commissions Income	73,750	81,564	553,474
Trading Income	37,709	41,293	282,995
Other Operating Income	85,647	105,378	642,758
Other Income	118,601	168,329	890,064
<b>Total Income</b>	<b>1,016,024</b>	<b>1,270,015</b>	<b>7,624,949</b>
<b>Expenses</b>			
Interest Expenses	457,404	702,009	3,432,677
Debentures	163,922	212,123	1,230,191
Amortization of Debenture Discounts	10,380	14,041	77,902
Deposits	117,081	174,980	878,657
Fee and Commissions Expenses	14,018	14,947	105,206
Trading Expenses	85	—	642
Other Operating Expenses	65,339	61,899	490,351
General and Administrative Expenses	149,221	140,508	1,119,858
Other Expenses	902,357	253,172	6,771,916
<b>Total Expenses</b>	<b>1,588,426</b>	<b>1,172,537</b>	<b>11,920,650</b>
<b>Income (Loss) Before Income Taxes</b>	<b>(572,402)</b>	<b>97,478</b>	<b>(4,295,701)</b>
Income Taxes:			
Current	2,952	1,105	22,154
Deferred	(187,980)	34,439	(1,410,733)
<b>Net Income (Loss)</b>	<b>¥ (387,373)</b>	<b>¥ 61,933</b>	<b>¥ (2,907,122)</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

## Non-consolidated Balance Sheets

At March 31	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Assets</b>			
Cash and Cash Equivalents	¥ 109,241	¥ 5,500	\$ 819,825
Cash and Cash Equivalents Segregated as Deposits	8,941	1,243	67,103
Receivables:			
Call Loans and Short-term Loans	4	20,000	36
Accrued Income	5,851	5,865	43,914
Others	2,334	2,043	17,516
Trading Assets	1,482,900	2,074,360	11,128,711
Securities Purchased under Resale Agreements	11,752	1,253,402	88,197
Securities Borrowed	1,199,414	1,282,966	9,001,235
Securities in Custody	—	1,665,736	—
Property, Equipment and Leasehold Improvements, at Cost	7,665	6,733	57,530
Less: Accumulated Depreciation	(2,622)	(1,602)	(19,679)
	5,043	5,130	37,851
Investments in Securities	32,757	46,957	245,834
Deferred Tax Assets	4,573	1,275	34,322
Other Assets	9,185	9,943	68,932
<b>Total Assets</b>	<b>¥ 2,872,000</b>	<b>¥ 6,374,426</b>	<b>\$ 21,553,476</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Short-term Borrowings	¥ 499,157	¥ 10,055	\$ 3,746,025
Payables:			
Unsettled-trades	81,412	113,980	610,974
Other Payables to Customers	2,682	1,738	20,134
Others	1,014	879	7,616
Trading Liabilities	1,068,049	667,372	8,015,378
Securities Sold under Repurchase Agreements	53,399	1,185,621	400,747
Securities Loaned	920,846	2,474,141	6,910,664
Accrued Liabilities and Others:			
Income Taxes Payable	2,055	6	15,428
Others	6,407	6,849	48,083
Obligation to Return Collateral	—	1,665,736	—
Long-term Borrowings	55	113	415
Statutory Reserves	252	139	1,895
<b>Total Liabilities</b>	<b>2,635,333</b>	<b>6,126,633</b>	<b>19,777,359</b>
<b>Shareholders' Equity</b>			
Common Stock	150,200	150,200	1,127,205
Additional Paid-in Capital	95,324	95,324	715,380
Retained Earnings (Deficits)	(4,463)	2,268	(33,494)
Net Unrealized Losses on Other Securities, net of Taxes	(4,393)	—	(32,974)
<b>Total Shareholders' Equity</b>	<b>236,667</b>	<b>247,792</b>	<b>1,776,117</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 2,872,000</b>	<b>¥ 6,374,426</b>	<b>\$ 21,553,476</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

3. Unrealized gains and losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

## Non-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>			
Commissions Income	¥ 28,281	¥ 13,121	\$ 212,247
Trading Income	5,353	3,642	40,176
Interest and Dividend Income	10,886	9,933	81,699
Other Income	329	78	2,475
Subtotal	44,851	26,777	336,597
Less: Interest Expenses	(2,869)	(6,207)	(21,538)
<b>Total Income</b>	<b>41,981</b>	<b>20,570</b>	<b>315,059</b>
<b>Expenses</b>			
Selling, General, and Administrative Expenses	27,595	19,187	207,099
Other Expenses	18,507	3,578	138,891
<b>Total Expenses</b>	<b>46,103</b>	<b>22,765</b>	<b>345,990</b>
<b>Loss before Income Taxes</b>	<b>4,121</b>	<b>2,195</b>	<b>30,931</b>
Income Taxes:			
Current	2,718	126	20,404
Deferred	(109)	(946)	(819)
	2,609	(819)	19,585
<b>Net Loss</b>	<b>¥ 6,731</b>	<b>¥ 1,375</b>	<b>\$ 50,516</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

### Non-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	¥ 62,617	¥ 107,576	\$ 469,923
Call Loans	—	11,858	—
Money Held in Trust	—	11,000	—
Securities	100,433	196,904	753,726
Foreign Exchanges	—	1,102	—
Other Assets	81,273	96,181	609,936
Premises and Equipment	3,209	4,589	24,085
Deferred Tax Assets	14,754	11,688	110,728
Reserve for Possible Losses on Loans	(22)	(33)	(171)
<b>Total Assets</b>	<b>¥ 262,266</b>	<b>¥ 440,867</b>	<b>\$ 1,968,227</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits	¥ 23,251	¥ 41,243	\$ 174,497
Call Money	45,000	—	337,711
Borrowed Money	31,500	—	236,398
Due to Trust Accounts	8,145	230,124	61,127
Other Liabilities	2,762	14,900	20,735
Reserve for Bonus Payments	553	—	4,154
Reserve for Employee Retirement Benefits	3,557	3,059	26,695
<b>Total Liabilities</b>	<b>114,770</b>	<b>289,328</b>	<b>861,317</b>
<b>Shareholders' Equity</b>			
Common Stock	115,000	115,000	863,040
Capital Surplus	55,000	55,000	412,758
Retained Earnings (Deficits)	(22,505)	(18,461)	(168,897)
Net Unrealized Gains on Other Securities, net of Taxes	1	—	9
<b>Total Shareholders' Equity</b>	<b>147,495</b>	<b>151,538</b>	<b>1,106,910</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥ 262,266</b>	<b>¥ 440,867</b>	<b>\$ 1,968,227</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

3. Unrealized gains and losses on Other Securities have not been reflected in the financial statements as of March 31, 2001.

## Non-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>			
Fiduciary Income	¥39,235	¥40,202	\$294,454
Interest Income	468	1,051	3,518
Securities	371	464	2,786
Call Loans	33	475	254
Fee and Commissions Income	15,136	13,633	113,597
Other Operating Income	227	576	1,707
Other Income	6,093	164	45,733
<b>Total Income</b>	<b>61,162</b>	<b>55,628</b>	<b>459,009</b>
<b>Expenses</b>			
Interest Expenses	202	651	1,517
Deposits	6	15	48
Fee and Commissions Expenses	4,398	797	33,009
General and Administrative Expenses	32,467	33,877	243,658
Other Expenses	31,172	30,528	233,938
<b>Total Expenses</b>	<b>68,240</b>	<b>65,854</b>	<b>512,122</b>
<b>Loss before Income Taxes</b>	<b>7,077</b>	<b>10,225</b>	<b>53,113</b>
Income Taxes:			
Current	33	35	251
Deferred	(3,066)	(4,152)	(23,014)
<b>Net Loss</b>	<b>¥ 4,044</b>	<b>¥ 6,107</b>	<b>\$ 30,350</b>

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.  
2. The rate of ¥133.25=US\$1.00, the foreign exchange rate on March 31, 2002, has been used for translation.

# Senior Executive Officers of Mizuho

## Mizuho Holdings

### Board of Directors

**Terunobu Maeda\***  
President & CEO

**Yuji Watanabe\***  
Deputy President  
Head of Audit and Compliance Group /  
Chief Compliance Officer

**Tadao Noda\***  
Deputy President  
Head of Risk Management Group /  
Chief Risk Officer

**Yukio Obara\***  
Deputy President  
Head of IT, Systems & Operations Group /  
Chief Information Officer

**Hiroshi Saito**  
Director

**Tadashi Kudo**  
Director

**Yoshiharu Fukuhara**  
Director

**Glen S. Fukushima**  
Director

### Corporate Auditors

**Yoriaki Sakata**  
Corporate Auditor

**Minoru Nakai**  
Corporate Auditor

**Setsuo Umezawa**  
Corporate Auditor

**Yukio Nozaki**  
Corporate Auditor

**Toshiaki Hasegawa**  
Corporate Auditor

### Executive Officers

**Takao Suzuki**  
Senior Managing Executive Officer  
Head of Strategic Planning Group /  
Chief Strategy Officer

**Takashi Goto**  
Managing Executive Officer  
Head of Human Resources Group, and con-  
currently Head of Post-retirement Counseling  
Office / Chief Human Resources Officer

**Mitsuru Machida**  
Managing Executive Officer  
Head of Financial Control and Accounting  
Group / Chief Financial Officer

**Tadashi Hashimoto**  
Executive Officer  
General Manager, Credit Risk Management  
Department

**Yoshiaki Sugita**  
Executive Officer  
Assistant to Head of IT, Systems & Operations  
Group

## Mizuho Corporate Bank

### Board of Directors

**Hiroshi Saito\***  
President & CEO

**Nobuhiro Mori\***  
Deputy President, Chief Compliance Officer /  
Head of Audit & Compliance Group

**Toshiaki Ohuchi\***  
Deputy President

**Teruhiko Ikeda\***  
Deputy President

**Michio Shishido\***  
Senior Managing Director,  
Chief Credit Officer /  
Head of Credit

**Ikuo Kaminishi\***  
Senior Managing Director /  
Head of Corporate Banking Business Unit

**Michio Ueno\***  
Senior Managing Director /  
Head of International Banking Business Unit

### Corporate Auditors

**Koji Toda**  
Corporate Auditor

**Hidemi Ueda**  
Corporate Auditor

**Yukio Nozaki**  
Corporate Auditor

**Yoriaki Sakata**  
Corporate Auditor

## Mizuho Bank

### Board of Directors

**Tadashi Kudo\***  
President & CEO

**Masaaki Sato\***  
Deputy President

**Takashi Okamoto\***  
Deputy President

**Akira Miyagawa\***  
Deputy President

**Tsutomu Abe\***  
Senior Managing Director

**Yoshiro Aoki\***  
Senior Managing Director

**Kazumi Yanagihara\***  
Senior Managing Director

### Corporate Auditors

**Hajime Sakuma**  
Corporate Auditor

**Masahiro Sakaguchi**  
Corporate Auditor

**Minoru Nakai**  
Corporate Auditor

**Toshiaki Hasegawa**  
Corporate Auditor

## Mizuho Securities

### Board of Directors

**Takasuke Kaneko**  
Chairman

**Tomohiro Kamio**  
Vice Chairman

**Yoshio Osawa**  
President

**Takayasu Tanaka**  
Deputy President

**Shinji Ichishima**  
Deputy President

## Mizuho Trust & Banking

### Board of Directors

**Yasuo Noda**  
Chairman & CEO

**Hikomichi Tsuda**  
President & CEO

**Takeo Sekihara**  
Deputy President

Notes: 1. \* The Directors concurrently serving as the Executive Officers.

2. The Executive Officers, excluding the Directors concurrently serving as the Executive Officers of Mizuho Corporate Bank and Mizuho Bank, have not been listed.

3. Members of the Board of Directors other than the Chairman, the Vice Chairman, the President, and the Deputy Presidents, as well as the Corporate Auditors and the Executive Officers of Mizuho Securities, have not been listed.

4. Members of the Board of Directors other than the Chairman & CEO, the President & CEO, and the Deputy President, as well as the Corporate Auditors and the Executive Officers of Mizuho Trust & Banking, have not been listed.

(As of July 31, 2002)

## Domestic Network of Mizuho

(as of April 1, 2002)

### Mizuho Holdings

Head Office

### Mizuho Corporate Bank

Domestic Network: 33 (Includes head office and 15 offices specializing in collection of accounts receivable)

### Mizuho Bank

Head Office and Branches: 580

Sub-branches: 91

Agencies: 7

### Mizuho Securities

Head Office

### Mizuho Trust & Banking

Head Office and Branches: 8

Sub-branches: 6

## International Network of Mizuho

(as of July 31, 2002)

### Branches, Agencies and Representative Offices

#### The Americas

##### New York Branch

1251 Avenue of the Americas,  
New York, NY 10020, U.S.A.  
TEL 1-212-282-3000

##### New York Broadway Branch

1633 Broadway, 40th Floor, New York,  
NY 10019, U.S.A.  
TEL 1-212-649-0300

##### New York Park Avenue Branch

55 E. 52nd Street, New York, NY 10055, U.S.A.  
TEL 1-212-898-2000

##### Chicago Branch

AT&T Corporate Center, Suite 2600, 227 West  
Monroe Street, Chicago, IL 60606, U.S.A.  
TEL 1-312-855-1111

##### Atlanta Representative Office

One Ninety One Peachtree Tower, Suite 3825,  
191 Peachtree Street, N.E., Atlanta, GA 30303,  
U.S.A.  
TEL 1-404-524-8770

##### Houston Agency

One Houston Center, Suite 4100,  
1221 McKinney Street, Houston,  
Texas 77010, U.S.A.  
TEL 1-713-759-1800

##### Los Angeles Agency

350 South Grand Avenue, Suite 1500,  
Los Angeles, CA 90071, U.S.A.  
TEL 1-213-243-4500

##### San Francisco Representative Office

One Market, Spear Tower, Suite 1610,  
San Francisco, CA 94105, U.S.A.  
TEL 1-415-981-3131

##### Panama Branch

Plaza Internacional, Vía 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° andar, CEP.01310-926,  
São Paulo, SP, Brazil  
TEL 55-11-251-4199

##### Colombia Representative Office

Carrera 7 No.71-52, Torre B. Piso 9, Santa fe de  
Bogota, D.C. Colombia

##### Caracas Representative Office

Avenida Principal con 1 ra, Transversal de la  
Castellana, Torre Banco de Lara, Piso 11, Oficina  
B, La Castellana, Municipio Autónomo Chacao,  
Apartado Del Este 60128, Caracas 1060,  
Venezuela

##### Buenos Aires Representative Office

Av. Dávila 270, Piso 2°, Puerto Viamonte 2, 1107  
Buenos Aires, Argentina

#### Europe and the Middle East

##### 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

#### Asia and Oceania

##### Seoul Branch

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 86-755-82221918

##### Tianjin Representative Office

Room 2202, Tianjin International Building 75,  
Nanjing Road, Tianjin,  
The People's Republic of China  
TEL 86-22-23305448

##### Nanjing Representative Office

Room 801, Nanjing Grand Hotel, 208 Guangzhou  
Road, Nanjing, Jiangsu Province, The People's  
Republic of China  
TEL 86-25-3329379

##### 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

##### 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

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

## **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, Jambhal Bajaj Road,  
Nariman Point, Mumbai, 400021 India  
TEL 91-22-288-6638

## **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

## **Yangon Representative Office**

7th Floor, FMI Centre, No.380, Bogyoke Aung San  
Street, Yangon, Myanmar  
TEL 95-1-243-009

## **Jakarta Representative Office**

Plaza BII Menara 2, 24th Floor, Jl. M.H. Thamrin  
No. 51, Jakarta 10350, Indonesia  
TEL 62-21-392-9535

## **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

### **The Fuji Bank and Trust Company**

Park Avenue Plaza 55 East 52nd Street,  
New York, NY 10055, U.S.A.  
TEL 1-212-898-2000

### **The Industrial Bank of Japan Trust Company**

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

### **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, 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

### **DKB Investment Management International Limited**

Edinburgh One, Morrison Street, Edinburgh, EH3  
8BE, UK  
TEL 44-131-655-3200

### **Fuji Investment Management Company (Europe) Limited**

Bracken House, One Friday Street, London, EC4M  
9JA, UK  
TEL 44-207-776-6400

### **DLIBJ Asset Management International Ltd.**

Bracken House, One Friday Street, London, EC4M  
9JA, UK  
TEL 44-20-7329-3777

### **PT. Bank Mizuho Indonesia**

Plaza BII Menara 2, 24th Floor, Jl. 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

### **Chekiang First Bank Ltd.**

Chekiang First Bank Bldg., 60 Gloucester Road,  
Hong Kong, S.A.R., The People's Republic of China  
TEL 852-2922-1222

### **Mizuho Corporate Leasing (Thailand) Co., Ltd.**

19th Floor, TISCO Tower 48/44 North Sathorn  
Road, Silom, Bangrak, Bangkok 10500, Thailand  
TEL 662-638-0900

### **P.T. Dai-Ichi Kangyo Panin Leasing**

6th Floor, Panin Bank Centre, Jalan Jenderal  
Sudirman (Senayan), Jakarta 10270, Indonesia  
TEL 62-21-725-0285

### **P.T. Jaya Fuji Leasing Pratama**

9th Floor, Jaya Bldg., Jalan, M.H. Thamrin 12,  
Jakarta 10340, Indonesia  
TEL 62-21-331-750

### **P.T. Bumi Daya-IBJ Leasing**

Plaza Bumi Daya, 16th Floor, Jl. Iman Bonjol  
No.61, Jakarta 10310, Indonesia  
TEL 62-21-315-5711

### **Mizuho Corporate Asia (Singapore) Limited**

168 Robinson Rd, #11-02 Capital Tower,  
Singapore 068912, Republic of Singapore  
TEL 65-6416-0290

### **Mizuho Capital Markets (HK) Limited**

2502, Gloucester Tower, The Landmark 11 Pedder  
Street, Central, Hong Kong, S.A.R.,  
The People's Republic of China  
TEL 852-2537-3815

### **Mizuho Securities Asia Limited\***

Suites 901-907, 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 65-221-3633

## Date of Establishment

September 29, 2000

## Paid-in Capital

¥2,572,000 million

## Outstanding Shares

10,493,250.71 shares

Common Shares : 9,430,250.71 shares

Preferred Shares : 1,063,000 shares

## Number of Shareholders

Common Shares : 199,590

Preferred Shares : 9

## Principal Shareholders (Common Stock)

	Shares held	Percentage of shares outstanding (%)
The Dai-ichi Mutual Life Insurance Company	379,158.00	4.02
Japan Trustee Services Bank, Ltd. (Trust account)	324,913.00	3.44
The Mitsubishi Trust and Banking Corporation (Trust account)	245,488.00	2.60
NIPPON LIFE INSURANCE COMPANY	227,143.76	2.40
THE YASUDA MUTUAL LIFE INSURANCE COMPANY	188,230.00	1.99
UFJ Trust Bank Limited (Trust account A)	176,030.00	1.86
Asahi Mutual Life Insurance Company	175,608.00	1.86
The Yasuda Fire and Marine Insurance Co., Ltd.	104,694.00	1.11
Nippon Steel Corporation	80,523.00	0.85
Hitachi, Ltd.	78,870.00	0.83

(as of March 31, 2002)

## Stock Listings

Tokyo Stock Exchange

Osaka Securities Exchange

London Stock 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.

### *Mizuho Holdings aims to provide customers and shareholders with various information on the Mizuho Financial Group's "value."*

#### ○ Voluntary, Proactive Disclosure

One of our basic principles is to maximize shareholders' value and earn the trust of society at large as the leader of Japan's financial services industry. For this reason, we attach the highest management priority to disclosing to our customers, shareholders and investors in Japan and overseas the information they need to form accurate judgments and appraisals of MHFG's status at any given time.

Since we aim to become an innovative financial services group that will lead the new era through cutting-edge comprehensive financial services, we are committed to fair, timely and ongoing disclosure 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 members of top management, and disclosure of the meetings on our Web site.
- More detailed annual reports and publications on group performance.
- Diversification and effective use of disclosure channels such as our Web site, conference calls and Internet conferencing.



Mizuho's IR Home Page



#### ○ Disclosure in Connection with Compliance

In accordance with the provisions of the Japanese Banking Law, the Securities and Exchange Law and the 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 Holdings, Inc.

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1-6-1, Marunouchi,  
Chiyoda-ku, Tokyo 100-8208,  
Japan  
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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.

Shinmarunouchi Building,  
1-5-1, Marunouchi,  
Chiyoda-ku, Tokyo 100-8240,  
Japan  
Tel. +81-(0)3-3240-7000  
URL: <http://www.mizuho-tb.co.jp/>



**MIZUHO**

Mizuho Financial Group