

For Immediate Release :

May 26, 2003

**Consolidated Financial Statements for the Fiscal 2002**

Company name: Mizuho Financial Group, Inc. ("MHFG")  
 Stock code number: 8411  
 URL: <http://www.mizuho-fg.co.jp/english>  
 Stock Exchanges: Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section)  
 Address: 6-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan  
 Representative: Name: Terunobu Maeda  
 Title: President & CEO  
 For inquiry: Name: Tsunenori Suzuki  
 Title: General Manager, Accounting Department  
 Phone: 03-5224-2030  
 Meeting of Board of Directors for Financial Results (Consolidated basis): May 26, 2003  
 Trading Accounts: Established  
 US GAAP: Not applied

**1 . Financial Highlights for the Fiscal 2002(from April 1, 2002 to March 31, 2003 )****(1) Consolidated Operating Results**

Note: Amounts less than one million yen are rounded down

|             | Ordinary Income | Change from the previous<br>fiscal year | Ordinary Profits | Change from the previous<br>fiscal year | Net Income/Loss | Change from the previous<br>fiscal year |
|-------------|-----------------|---|------------------|---|-----------------|---|
|             | ¥ million       | %                                       | ¥ million        | %                                       | ¥ million       | %                                       |
| Fiscal 2002 | 3,435,997       |   | (2,130,547)      |   | (2,377,172)     |   |
| Fiscal 2001 |                 |   |                  |   |                 |   |

|             | Net Income/Loss<br>per Share of<br>Common Stock | Net Income/Loss per<br>Share of Common<br>Stock<br>Assuming Dilution | Net Return/Loss<br>on Equity | Ordinary Profits<br>To Total Asset | Ordinary Profits to<br>Ordinary Income |
|-------------|---|--|------------------------------|------------------------------------|--|
|             | ¥   | ¥  | %                            | %                                  | %                                      |
| Fiscal 2002 | (254,524.66)                                    |  | ( 183.7)                     | ( 1.5)                             | (62.0)                                 |
| Fiscal 2001 |   |  |                              |                                    |  |

Note: 1. Equity in Earnings (Losses) from Investments in Affiliates : Fiscal 2002 ¥ (3,491) million

2. Average Outstanding Balance of Stocks (consolidated basis) : Fiscal 2002 9,426,668 shares

**(2) Consolidated Financial Conditions**

|             | Total Assets | Total Shareholders'<br>Equity | Total Shareholders'<br>Equity<br>to Total Assets | Total Shareholders'<br>Equity per Share of<br>Common Stock | Consolidated Capital<br>Adequacy Ratio<br>(BIS Capital Ratio) |
|-------------|--------------|-------------------------------|--|--|---|
|             | ¥ million    | ¥ million                     | %  | ¥  | %   |
| Fiscal 2002 | 134,032,747  | 2,861,066                     | 2.1  | (20,376.72)  | 9.53 (*)  |
| Fiscal 2001 |              |                               |  |  |   |

\* Preliminary figure.

Note: The Outstanding Balance of stocks at the fiscal year-end (Consolidated basis) : Fiscal 2002 9,423,040 shares

**(3) Conditions of Consolidated Cash Flow**

|             | Cash Flows from<br>Operating Activities | Cash Flows from<br>Investing Activities | Cash Flows from<br>Financing Activities | Cash & Cash Equivalents<br>at end of year |
|-------------|---|---|---|---|
|             | ¥ million                               | ¥ million                               | ¥ million                               | ¥ million                                 |
| Fiscal 2002 | ( 2,196,162)                            | (206,336)                               | ( 394,021 )                             | 7,048,505                                 |
| Fiscal 2001 |   |   |   |   |

(4) Scope of Consolidation and Application of the Equity Method

|   |     |
|---|-----|
| Number of Consolidated Subsidiaries                       | 138 |
| Number of Subsidiaries accounted for by the Equity Method | -   |
| Number of Affiliates accounted for by the Equity Method   | 33  |

2 . Consolidated Earnings Performance Forecasts for the Fiscal 2003 ( from April 1, 2003 to March 31, 2004 )

| (in millions of yen)      |                 |                 |            |
|---------------------------|-----------------|-----------------|------------|
|                           | Ordinary Income | Ordinary Profit | Net Income |
| First Half of Fiscal 2003 | 1,600,000       | 230,000         | 100,000    |
| Fiscal 2003               | 3,200,000       | 500,000         | 220,000    |

Note : Net Income per Share of Common Stocks (fiscal 2003 forecast) : ¥ 18,867.59 (Consolidated Basis)

Above forecasts are based on information, which are available at this moment, and assumptions of uncertain factors, which may influence on future operating result. Actual result may differ materially from those forecasts, depending on future events.

Note :

Calculation formulas for indexes

**(1) Formula for indexes - Financial Data for the Fiscal 2002**

Net Income/Loss per Share of Common Stock

$$\frac{\text{Net Income} - \text{Cash Dividends Declared (Preferred Stocks)}}{\text{Average Outstanding Shares of Common Stocks ( * )}}$$

Net Income/Loss per Share of Common Stock Assuming Dilution

$$\frac{\text{Net Income} - \text{Cash Dividends Declared (Preferred Stocks)} + \text{Adjustment to Net Income}}{\text{Average Outstanding Shares of Common Stocks ( * ) + Number of Shares Assuming Dilution}}$$

Net Return/Loss on Equity

$$\frac{\text{Net Income} - \text{Cash Dividends Declared (Preferred Stocks)} \times 100}{\{(\text{Total Shareholders' equity (Beginning)} - \text{Shares of Preferred Stocks (Beginning)} \times \text{Issue Price}) + (\text{Total Shareholders' Equity (Year-end)} - \text{Shares of Preferred Stocks (Year-end)} \times \text{Issue Price})\} / 2} \times 100$$

Total Shareholders' Equity to Total Assets

$$\frac{\text{Total Shareholders' Equity}}{\text{Total Debts} + \text{Stocks held by Minority Shareholders} + \text{Shareholders' Equity (March.31,2002)}} \times 100$$

Total Shareholders' Equity per Share of Common Stock

$$\frac{\text{Total Shareholders' Equity} - \text{Shares of Preferred Stocks} \times \text{Issue Price} - \text{Cash Dividends (Preferred Stocks)}}{\text{Shares of Common Stock ( * )}}$$

**(2) Formula for index - Forecast for the Fiscal 2003**

Net Income per Share of Common Stock (Fiscal 2003 forecast)

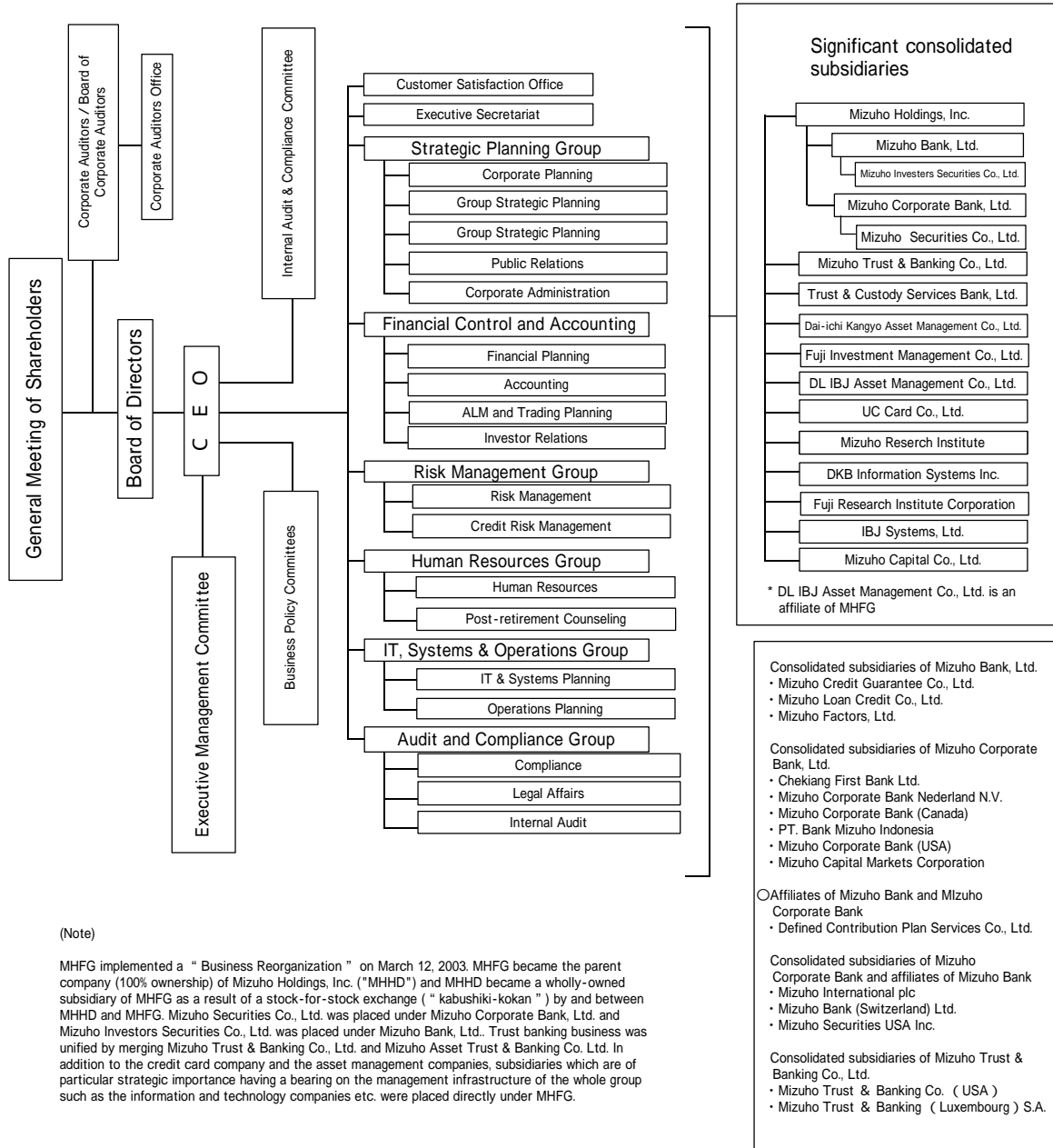
$$\frac{\text{Net Income (forecast)} - \text{Cash Dividends (Preferred Stock) (forecast)}}{\text{Shares of Common Stock ( * )}}$$

\* Excluding Treasury Stock.

## 1. Organization structure of Mizuho Financial Group

Mizuho Financial Group is composed of Mizuho Financial Group, Inc. ("MHFG") and its affiliates. Mizuho Financial Group provides various financial services, principally banking services, together with securities business, trust and asset management services among others.

(as of March 31, 2003)



Of the major domestic subsidiaries, the following companies are listed on Japanese domestic stock exchanges.

| Company Name                          | Location       | Main Business              | Ownership Percentage % | Listed Stock Exchanges  |
|---------------------------------------|----------------|----------------------------|------------------------|---|
| Mizuho Trust & Banking Co., Ltd.      | Chuo-Ku, Tokyo | Trust and Banking Business | 79.4<br>( 0.2)         | Tokyo Stock Exchange (First Section)<br>Osaka Securities Exchange (First Section)   |
| Mizuho Investors Securities Co., Ltd. | Chuo-Ku, Tokyo | Securities Business        | 66.5<br>(66.5)         | Tokyo Stock Exchange (First Section)<br>Osaka Securities Exchange (First Section)<br>Nagoya Stock Exchange(First Section) |

1. ( ) : Percentage interest held by subsidiaries

( Reference ) Changes of Consolidated Subsidiaries and Affiliates

1 . Consolidated Subsidiaries

|                              |                                       | March 31,<br>2002 | Increase/<br>Decrease | September 30,<br>2002 | Increase/<br>Decrease | March 31,<br>2003 |
|------------------------------|---------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Mizuho Financial Group, Inc. |                                       |                   |                       |                       |                       | 138               |
| Mizuho Holdings, Inc.        |                                       | 171               | + 7<br>(18)           | 160                   | + 1<br>(68)           | 93                |
| Mizuho Bank                  | Dai-ichi kangyo Bank                  | 39                | + 19<br>(30)          | 28                    | + 2<br>(8)            | 22                |
| Mizuho Corporate Bank        | Fuji Bank<br>Industrial Bank of Japan | 61<br>41          | + 65<br>(44)          | 82                    | + 10<br>(25)          | 67                |

2 . Affiliates

|                              |                                       | March 31,<br>2002 | Increase/<br>Decrease | September 30,<br>2002 | Increase/<br>Decrease | March 31,<br>2003 |
|------------------------------|---------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Mizuho Financial Group, Inc. |                                       |                   |                       |                       |                       | 33                |
| Mizuho Holdings, Inc.        |                                       | 30                | + 6<br>(2)            | 34                    | + 6<br>(12)           | 28                |
| Mizuho Bank                  | Dai-ichi kangyo Bank                  | 27                | + 16<br>(17)          | 26                    | + 2<br>(19)           | 9                 |
| Mizuho Corporate Bank        | Fuji Bank<br>Industrial Bank of Japan | 24<br>22          | + 35<br>(19)          | 40                    | + 6<br>(22)           | 24                |

## **2. Management Policies**

### **(1) Management Policies**

Through the corporate split and merger process, on April 1, 2002, Mizuho Financial Group consolidated and reorganized The Dai-Ichi Kangyo Bank, Limited, The Fuji Bank, Limited and The Industrial Bank of Japan, Limited (collectively, the “3 banks”) under Mizuho Holdings, Inc. (MHHD), a holding company for the 3 banks, to form Mizuho Bank, Limited (MHBK), whose main customers are individuals, domestic corporations and local public organizations and Mizuho Corporate Bank, Limited (MHCB), whose main customers are large corporations, financial institutions and their group companies, public organizations (national government entities) and overseas customers.

In addition, MHFG’s second tier subsidiaries, Mizuho Securities Co., Ltd. (MHSC) and Mizuho Trust & Banking Co., Ltd. (MHTB), became directly-owned subsidiaries of MHHD. As a result of this, MHFG launched its new business structure with the four companies referred to above as the core of the revitalized MHFG.

In November 2002, MHHD announced the “Change & Speed-up Program” and on March 12, 2003 it implemented a “Business Reorganization”, completely reorganizing its group management structure. Specific action under the “Business Reorganization” was the establishment of a new financial holding company “Mizuho Financial Group, Inc.” (“MHFG”), and a stock-for-stock exchange (“*kabushiki-kokan*”) by and between MHHD and MHFG. In addition to consolidating its position in growth business areas such as credit card business with its credit card company and asset management company etc., subsidiaries which are of particular strategic importance having a bearing on the management infrastructure of the whole group such as the information and technology companies etc. were placed directly under MHFG. Under the “Business Reorganization”, MHFG directly manages the primary subsidiaries and will enhance group-wide synergies, pursuing a swift enhancement in the group’s profitability by improving the comprehensive financial service capabilities of the group. MHSC was placed under MHCB and Mizuho Investors Securities Co. Ltd under MHBK, in order that the banking and securities customer sectors could complement each other, drawing out further profit potential. MHHD is now placed as an intermediate holding company, further strengthening business ties between MHBK and MHCB in addition to managing the banking and securities business sectors. In addition to the above, trust banking business was unified with the merger of MHTB and Mizuho Asset Trust & Banking Co., Limited.

### **(2) Policy on Profit Distribution**

MHFG intends to decide dividend policy considering its operational performance, while bearing in mind the need to increase retained earnings from the viewpoint of sound financial position.

(3) Issues to be Resolved

We are striving to enhance our competitiveness and maintain a high level of profitability so that we can consolidate the corporate value of MHFG and reinstate dividend payments to our shareholders by pushing forward with the speedy and certain implementation of the measures outlined in our “Change and Speed-up Program” and “Business Reorganization”.

We aim to change and accelerate the deployment of business strategies according to customer sector, a characteristic of our group business strategy, further enhancing our expertise to respond appropriately to customer and business needs, creating business opportunities and enhancing profitability.

Our retail wing, MHBK, which covers both individual and small and medium sized customers, will take advantage of its dominant position supported by both its nationwide and convenient network and enormous customer base. By providing high quality products and services, along with business deployment according to customer sector, it will strengthen its capability to increase both housing loans and good quality loans to SME customers while securing appropriate loan spreads which reflect credit risk and appropriate fee and commission levels which reflect operating costs.

MHBK will also enhance cost competitiveness by bringing forward branch consolidation and staff reductions well ahead of schedule. It has set the lower 40% range as its target expense ratio (ratio of expenses to total gross profits) in Fiscal 2005.

Our wholesale banking wing, MHCB will break away from the conventional business model that is dependent on asset volume so that it can quickly realize a market-oriented indirect financing model. Through the maximum reallocation of managerial resources to strategic businesses such as syndication business, securitization business and real estate and acquisition financing, it will provide its customers with high value-added products with the most advanced financial technology. MHCB has set 50% as its target ratio of non-interest income to total gross profits in Fiscal 2005.

MHSC, MHTB and other securities and trust banking arms of MHFG will strengthen further their capabilities in their respective strategic business areas, and actively pursue synergies with other group companies.

At the same time as pursuing this profit expansion strategy, while aggressively pursuing consolidation effects, MHFG, MHBK and MHCB will accelerate cost structure reforms, actively reviewing personnel-related and general expenses. A specific example is additional staff reductions of 3,900 employees planned over the next 2 years to bring the number of employees to 24,000 employees as of the end of March 2005. We also plan to bring forward the consolidation of our branches and offices, with the reduction of 104 domestic branches and 6 overseas offices during fiscal 2003. As a result of these reforms, we plan to reduce expenses by 190 billion yen over a 4 year period from fiscal 2002. with a fiscal 2006 target in the 700 billion yen range.

In order to strengthen MHFG's financial condition and to complete the prompt disposal of the NPL portfolio, we have set up a separate entity for corporate revival, spinning off obligors classified as requiring "special attention" or worse in our self-assessment in an effort to speed up final processing and revitalization.

MHFG deeply apologizes for inconveniencing its customers and shareholders as a result of computer system problems such as delays in the processing of automatic debit transactions and trouble with its ATM services that occurred when MHBK and MHCB launched their new operations on April 1, 2002. Everyone in the Mizuho organization from senior executives to each and every employee is working their hardest to make sure that this never happens again and to improve the level of service to our customers.

With the above group structure in place MHFG will manage its business through a variety of activities such as planning group strategy and business portfolio strategy, making the enhancements necessary to achieve synergies among group companies, strengthening risk management, compliance and internal audit and other activities to achieve the full comprehensive financial service capabilities of the group. Through the direct management of primary subsidiaries, MHFG will strengthen cost competitiveness through consolidation of group affiliates and promotion of a common group infrastructure, thus bringing forward the benefits derived from consolidation. MHFG will work with MHHD to manage the banking and securities business sectors which are the core group businesses, ensuring proper management and cooperation across the group.

With the shift to a new organization and a strengthening of our financial base, Mizuho Financial Group will make every effort to improve service to its customers ensuring the competitiveness and profitability that benefits the financial group with the largest customer base in Japan.

#### (4) Our corporate governance policy and current implementation status

##### Our corporate governance policy

MHFG has been working to create a management structure that is slim and speedy, and is consolidating its corporate governance with the addition of outside directors, etc. We continue to aim for an accountable and efficient management structure built on corporate governance, with strict observance of all laws and regulations, pursuing our business activities in a fair and honest manner in conformance with the norms accepted by society.

##### Current implementation status

##### (a) Status regarding corporate governance structure as it affects management decision-making, implementation and supervision, etc.

MHFG has adopted the holding company structure to ensure that it has the flexible and mobile management structure necessary to cope with the changing economic environment, split for legal purposes between the customer sector and the business function sector so that group companies can strengthen further their capabilities in their respective strategic business areas, meeting the needs of their customers and increasing corporate value to its fullest extent. MHFG manages its business through a variety of activities such as planning group strategy and

business portfolio strategy, making the enhancements necessary to achieve synergies among group companies, strengthening risk management, compliance and internal audit and other activities to achieve the full comprehensive financial service capabilities of the group.

MHFG's board of directors consists of eight members, who determine important matters pertaining to the management policy of MHFG and its group companies, and monitor the directors and executive officers. 2 of the directors are outside directors independent of the day-to-day management of the company. Their participation serves to strengthen the management and monitoring functions of the board of directors. MHFG has introduced the executive officer system in order to separate managerial decision-making and its implementation, and to clarify levels of authority and responsibility.

In order to ensure transparency and impartiality in matters of personnel movements affecting the board of directors and directors' compensation, an appointments committee and compensation committee made up of directors including outside directors has been established to advise the board of directors on these matters.

The board of corporate auditors comprises 5 corporate auditors, who check that the directors carry out their duties in an appropriate manner by taking part in board meetings and giving their opinion. 3 of the 5 auditors are outside auditors

The Internal Audit & Compliance Committee fulfills an internal audit function under the President & CEO. External experts in their field (consisting at present of one lawyer and one CPA) are also on the committee to strengthen the specialist nature and impartiality of the committee. The committee verifies whether the internal audit and compliance organization is reasonable, adequate and effective in its monitoring of business operations.

- (b) Details of personal relations between the company and the company's outside directors and outside auditors, capital-related matters, transaction-related matters and other conflicts of interest.  
There are no conflicts of interest to note between MHFG, its outside directors and its outside auditors.
- (c) Summary of the past year's progress by the company in working to ensure the full application of corporate governance (i.e. the year ending on March 31, 2003)  
In July 2002, an advisory board was set up comprised of leading experts in their various fields. We aim to pursue a policy of open management taking advantage of the frank comments and opinions expressed at the board meetings. Advisory board meetings are held once every 3 months.



### 3. Consolidated Results of Operations

(1) For this fiscal year (From April 1,2002 to March 31,2003)

a. Scope of Consolidation

As discussed in BASIS FOR PRESENTATION AND PRINCIPLES OF CONSOLIDATION section of this document, for fiscal 2002, the number of subsidiaries included in the consolidated financial statements and companies accounted for by the equity method was 138 and 33, respectively.

b. Results of Operations

Consolidated Ordinary Income, Consolidated Ordinary Loss and Consolidated Net Loss for fiscal 2002 was ¥3,435.9 billion, ¥2,130.5 billion and ¥2,377.1 billion, respectively.

Consolidated Gross Profit was ¥2,233.6 billion due to the weak demand for fund in the domestic market and other severe market conditions.

Consolidated Gross Profit for fiscal 2002 includes Net Interest Income of ¥1,256.3 billion, Net Fiduciary Income of ¥55.4 billion, Net Fee and Commission Income of ¥410.5 billion, Net Trading Income of ¥244.5 billion, Net Other Operating Income of ¥266.7 billion.

General and Administrative Expenses for fiscal 2002 amounted to ¥1,237.6 billion, resulting from continuous cost reduction efforts.

Credit Related Costs amounted to ¥2,092.3 billion, as a result of regular disposals of problem loans under the worse deflation and the resultant tough operating result of borrowers, and the aggressive write-offs and provision of reserves to conservatively prepare for deterioration of asset quality and promote removal of problem loans and borrowers' business recovery. Also, we have continuously sold and written-down stock portfolio and recorded Net Losses Related to Stocks and Other Securities of ¥924.9 billion.

Consolidated Ordinary Loss amounted to ¥2,130.5 billion which are mainly comprised of Consolidated Gross Profit, General and Administrative Expenses, Credit Related Costs, Net Losses Related to Stocks and Other Securities, Equity in Losses from Investments in Affiliates.

Net Extraordinary Loss was ¥131.6 billion, primarily due to Losses on Disposal of Premises and Equipment.

Loss before Income Taxes and Minority Interests was ¥2,262.1 billion by reflecting Net Extraordinary Loss to Consolidated Ordinary Loss.

Consolidated Net Loss was ¥2,377.1 billion by reflecting Income Tax Expenses-Current, Income Tax Expenses-Deferred and Minority Interests in Net Loss to Loss before Income Taxes and Minority Interests.

Total Assets amounted to ¥134,032.7 billion because of accelerated disposal of problem loans and liquidation of loan portfolios to improve efficiency of assets etc.

Total Shareholders' Equity was ¥2,861.0 billion due to Net Loss recorded in fiscal 2002 or others.

Under these circumstances, the management regret to propose not to pay dividends on ordinary stock in order to enhance financial condition. However, the management plan to pay dividends on the various preferred stocks as designated.

c. Consolidated Capital Adequacy Ratio

The Consolidated Capital Adequacy Ratio (BIS Standards) was still in sufficient level of 9.53% (a preliminary basis) because more than ¥1 trillion of the new stocks were issued to domestic institutional investors and close customers.

| March 31, 2001 | March 31, 2002 | March 31, 2003 |
|----------------|----------------|----------------|
|                |                | 9.53%          |

(Reference) Consolidated basis of Mizuho Holdings, Inc. ("MHHD")

| March 31, 2001 | March 31, 2002 |
|----------------|----------------|
| 11.39%         | 10.56%         |

\*There are no figures before fiscal 2000, because Mizuho Holdings, Inc. was incorporated in fiscal 2000.

d. Cash Flows

Net Cash Used in Operating Activities, Investing Activities and Financing Activities were ¥2,196.1billion, ¥ 206.3billion, and ¥ 394.0billion, respectively.

As a result, Cash and Cash Equivalents at end of the fiscal year was ¥ 7,048.5billion.

e. Segment Information

MHFG's segments of operations by geographic area are Japan, Americas, Asia / Oceania and Europe. Ordinary Income from International Operations of ¥ 719.8billion was comprised in Consolidated Ordinary Income of ¥ 3,435.9billion. MHFG and its consolidated subsidiaries are engaged in activities other than banking, however, such segment information is not presented, as the percentages for those activities are insignificant.

(2) Forecast for the Fiscal 2003 (From April 1, 2003 to March 31, 2004)

As for the operating forecast for the Fiscal 2003, we project Ordinary Income of ¥ 3,200.0 billion, Ordinary Profit of ¥ 500.0 billion and Net Income of ¥220.0 billion on a consolidated basis.

MHFG forecasts to pay ¥ 3,000 of annual dividends per share on common stock taking into consideration the earning forecast for Fiscal 2003. MHFG also forecasts to pay dividends on preferred stocks as prescribed.

## Basis for Presentation and Principles of Consolidation

### (1) Scope of Consolidation

Number of consolidated subsidiaries: 138

Names of principal companies:

Mizuho Holdings, Inc.  
Mizuho Bank, Limited  
Mizuho Corporate Bank, Limited  
Mizuho Trust & Banking Co., Ltd.  
Mizuho Securities Co., Ltd.

Non-consolidated subsidiaries

Names of principal companies:

ONKD, Inc.

Non-consolidated subsidiaries are excluded from the scope of consolidation because they do not have such a material effect as to hinder the rational assessment of the financial position and business performance of the corporate group in terms of total assets, ordinary income, net income (the amounts corresponding to MHFG's equity position), and retained earnings (the amounts corresponding to MHFG's equity position) when excluded from the scope of consolidation.

### (2) Application of the Equity Method

Number of affiliates accounted for by the equity method: 33

Names of principal companies:

The Chiba Kogyo Bank, Ltd.  
Shinko Securities Co., Ltd.  
Japan Mortgage Co., Ltd.  
Fuyo General Lease Co., Ltd.  
IBJ Leasing Co., Ltd.

Non-consolidated subsidiaries and affiliates not accounted for by the equity method:

Names of principal companies:

ONKD, Inc.  
Hanto Real Estate Management Co., Ltd.

The equity method was not applied to the above non-consolidated subsidiaries and affiliates because their net income (the amounts corresponding to MHFG's equity position), and retained earnings (the amounts corresponding to MHFG's equity position) do not have a material effect on MHFG's consolidated financial statements when excluded from the scope of companies accounted for by the equity method.

### (3) Balance Sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

|  |   |              |
|--|---|--------------|
| October 31                                   | : | 1 company    |
| November 30                                  | : | 1 company    |
| December 31                                  | : | 68 companies |
| January 31                                   | : | 1 company    |
| March 31                                     | : | 53 companies |
| The day before the last business day of June | : | 14 companies |

Consolidated subsidiaries whose balance sheet date falls on October 31, November 30 and the day before the last business day of June were consolidated based on their assumed fiscal statements as of December 31, 2002. Other consolidated subsidiaries were consolidated based on their assumed financial statements as of their respective balance sheet dates.

The necessary adjustments have been made to the financial statements for any significant transactions that took place between their respective balance sheet dates and the date of the consolidated financial statements.

(4) Capital consolidation procedures

A stock-for-stock exchange (“*kabushiki-kokan*”) was carried out by and between Mizuho Holdings, Inc. (MHHD) and MHFG, as a result of which MHHD became a wholly-owned subsidiary of MHFG.

The capital of MHHD and MHFG was consolidated 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 Report No.6).

(5) Amortization of Consolidation Differences

As a rule, consolidation differences are amortized over a period of 20 years using the straight-line method. If the amount should have no material impact on the consolidated financial statements of MHFG, the entire difference amount is amortized in the fiscal year that the difference takes place.

(6) Evaluation of Consolidated Subsidiaries’ Assets and Liabilities

Assets and liabilities of consolidated subsidiaries are valued at fair value at the respective date of acquisition.

(7) Consolidated Statement of Retained Earnings

The Consolidated Statement of Retained Earnings is prepared based on the appropriation of retained earnings confirmed during the consolidated accounting period.

# Consolidated Balance Sheet

March 31, 2003

**Mizuho Financial Group, Inc**  
(in millions of yen)

|  |             |   |             |
|--|-------------|---|-------------|
| <b>Assets</b>  |             | <b>Liabilities</b>  |             |
| Cash and Due from Banks  | 7,849,717   | Deposits  | 65,257,901  |
| Call Loans and Bills Purchased                                 | 641,908     | Negotiable Certificates of Deposit                                    | 6,964,740   |
| Receivables Under Resell Agreements                            | 3,736,424   | Debentures  | 11,696,391  |
| Guarantee Deposit Paid under Securities Borrowing Transactions | 6,297,721   | Call Money and Bills Sold   | 11,185,809  |
| Other Debt Purchased   | 1,209,540   | Payables Under Repurchase Agreements                                  | 8,209,283   |
| Trading Assets   | 9,919,083   | Guarantee Deposit Received under Securities Lending Transactions      | 4,140,383   |
| Money Held in Trust  | 33,540      | Commercial Paper  | 627,400     |
| Securities   | 23,816,574  | Trading Liabilities   | 6,278,262   |
| Loans and Bills Discounted                                     | 69,210,035  | Borrowed Money  | 1,454,826   |
| Foreign Exchange Assets  | 720,519     | Foreign Exchange Liabilities  | 190,878     |
| Other Assets   | 4,904,656   | Bonds and Notes   | 2,468,606   |
| Premises and Equipment   | 1,632,851   | Bonds with Stock Option   | 3,858       |
| Deferred Debenture Charges                                     | 1,041       | Due to Trust Account  | 1,489,463   |
| Deferred Tax Assets  | 2,130,243   | Other Liabilities   | 5,526,554   |
| Customers' Liabilities for Acceptances and Guarantees          | 4,145,411   | Reserve for Bonus Payment   | 36,969      |
| Reserve for Possible Losses on Loans                           | (2,211,366) | Reserve for Employee Retirement Benefits                              | 26,562      |
| Reserve for Possible Losses on Investments                     | (5,156)     | Reserve for Possible Losses on Loans Sold                             | 25,561      |
|  |             | Reserve for Contingencies   | 141,124     |
|  |             | Reserve under Special Laws  | 884         |
|  |             | Deferred Tax Liabilities  | 4,276       |
|  |             | Deferred Tax Liabilities for Revaluation Reserve for Land             | 258,515     |
|  |             | Acceptances and Guarantees  | 4,145,411   |
|  |             | <b>Total Liabilities</b>  | 130,133,666 |
|  |             | <b>Minority Interests</b>   |             |
|  |             | Minority Interests  | 1,038,013   |
|  |             | <b>Shareholders' Equity</b>   |             |
|  |             | Common Stock and Preferred Stock                                      | 1,540,965   |
|  |             | Capital Surplus   | 2,599,552   |
|  |             | Retained Earnings (Accumulated Deficits)                              | (1,404,992) |
|  |             | Revaluation Reserve for Land, net of Taxes                            | 380,120     |
|  |             | Net Unrealized Losses on Other Securities, net of Taxes               | (24,600)    |
|  |             | Foreign Currency Translation Adjustments                              | (95,786)    |
|  |             | Treasury Common Stock   | (134,190)   |
|  |             | <b>Total Shareholders' Equity</b>                                     | 2,861,066   |
| <b>Total Assets</b>  | 134,032,747 | <b>Total Liabilities, Minority Interests and Shareholders' Equity</b> | 134,032,747 |

**Notes to Consolidated Balance Sheet**

1. Amounts less than one million yen are rounded down.
2. **Trading Transactions**  
 Trading transactions intended to take advantage of short-term fluctuations and arbitrage opportunities in interest rates, currency exchange rates, market prices of securities and related indices are recognized on a trade date basis and recorded in Trading Assets or Trading Liabilities on the consolidated balance sheet.  
 Trading Assets and Trading Liabilities are valued as follows. Securities and Monetary Claims are stated at fair value at the consolidated balance sheet date. Derivative financial products, such as swaps, forward contracts and option transactions are stated at their theoretical values, assuming that such transactions were settled at the consolidated balance sheet date.
3. **Securities**  
 Investments in stocks of non-consolidated subsidiaries and affiliates, which are not accounted for by the equity method, are valued on a cost basis using the moving average method. Regarding Other Securities Japanese stocks with a market price are valued on a mark-to-market basis using the average market price over the month preceding the consolidated balance sheet date, others with a market price are valued on a mark-to-market basis at the consolidated balance sheet date (cost of securities sold is calculated primarily by the moving average method) and securities without a market price are stated at cost as determined by the moving average method or amortized cost. The net unrealized gains (losses) on Other Securities are booked directly to Shareholders' Equity, net of applicable income taxes.
4. Securities which are held as trust assets in Money Held in Trust accounts, mainly purpose for investments on securities, are valued according to the methods in paragraphs 2. and 3. above.
5. Derivative transactions (other than transactions categorized as trading transactions) are valued on a mark-to-market basis.
6. **Premises and Equipment**  
 Depreciation of premises and equipment is calculated on an annual basis primarily using the declining-balance method (however in the case of buildings, depreciation is calculated primarily using the straight-line method). The general useful life for buildings and equipment is as follows:
 

|           |              |
|-----------|--------------|
| Buildings | 3 ~ 50 years |
| Equipment | 2 ~ 20 years |
7. Development costs for software internally-used are capitalized and amortized using the straight-line method over the estimated useful life determined by MHFG and its consolidated subsidiaries (primarily 5 years).
8. **Deferred Debenture Charges** are amortized as follows:
  - (1) Discounts of debentures are amortized over the term of the debenture.
  - (2) Debenture issuance costs are amortized over the term of the debentures up to a maximum of 3 years, which is the longest period permitted under the Commercial Code of Japan.
9. Stock issuance costs are all recognized as expenses when incurred.
10. **Foreign Currency Items**  
 Assets and Liabilities denominated in foreign currencies and accounts of overseas branches of domestic banking subsidiaries and domestic trust banking subsidiaries are translated into Japanese yen primarily at the exchange rates in effect at the consolidated balance sheet date, with the exception of the stocks of non-consolidated subsidiaries and affiliates, which are translated at historical exchange rates.

Effective this consolidated fiscal year, “Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No. 25) has been adopted.

For this consolidated fiscal year, domestic banking subsidiaries and domestic trust banking subsidiaries treated fund-related swap transactions, currency-swap transactions, and internal contracts and internal transactions on the basis of JICPA Industry Audit Committee Report No. 20 applying the transitional methods mentioned in JICPA Industry Audit Committee Report No. 25.

Fund-related swap transactions are accounted for as follows on the basis of the transitional methods mentioned in JICPA Industry Audit Committee Report No.25:

- Amounts equal to the principal amounts of the lending/borrowing transactions to which the relevant fund-related swap transaction applies are translated into Japanese yen using exchange rates in effect at the consolidated balance sheet date and the net amount is recorded on the consolidated balance sheet.
- The spot/forward differences which reflects the differences in interest rates between the different currencies are recognized as gains or losses on an accrual basis for the period from the date of the spot leg to the forward leg, and entered in the consolidated statement of income, together with the accrued income and expense amounts on the consolidated balance sheet.

Fund-related 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.

Flat 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 on the basis of the transitional methods mentioned in JICPA Industry Audit Committee Report No.25 (includes those flat currency swap transactions in which the amount of currency equivalent to the principal of one of the currencies is changed on each date the amount equivalent to the interest is paid, in order to reflect market exchange rates at the time, and in which moreover the principal swapped at the beginning of each interest payment period is equal to the principal swapped at the end of the interest payment period):

- Principal amounts of lending/borrowing transactions are translated into Japanese yen using exchange rates in effect at the consolidated balance sheet date and the net amount is recorded on the consolidated balance sheet.
- The amount of foreign currency equivalent to the interest is recognized as gains or losses on an accrual basis for the period from the date of the spot leg to the forward leg, and entered in the consolidated statement of income, together with the accrued income and expense amounts on the consolidated balance sheet.

Assets and Liabilities denominated in foreign currencies of consolidated subsidiaries, except for the above transactions, are translated primarily at the exchange rates in effect at each balance sheet date.

#### 11. Reserves for Possible Losses on Loans

Reserves for Possible Losses on Loans of major domestic consolidated subsidiaries are provided as follows in accordance with internally-developed standards for write-offs and providing reserves for possible losses on loans.

The reserve for loans to obligors which are classified as substantially bankrupt (“substantially bankrupt obligors”) or which are legally bankrupt, as evidenced by a declaration of bankruptcy, special liquidation, or other similar circumstances (“bankrupt obligors”), is provided based on the amount remaining after direct write-offs and deduction of the amount expected to be collected from the disposal of collateral and the amount recoverable from guarantees. Also a reserve is provided for loans to obligors which are not currently bankrupt but are likely to become bankrupt (“intensive control obligors”). In this case, the reserve is provided based on the amount the obligor is capable of repaying of the loan amount remaining after deducting the expected amount recoverable from disposal of collateral and amounts under guarantees.

In the case of those obligors which are classified as intensive control obligors or worse, with Restructured Loans as per paragraph 27 below and which are large obligors to which the exposure exceeds a certain specific amount, if the principal and interest payment cash flows can be reasonably estimated then a reserve is provided on the basis of the discounted cash flow, using the difference amount between the present value of expected future cash flows discounted at the contractual interest rate before the loan was classified as a restructured loan, and the loan book value (discounted cash flow method).

In the case of such a large obligor, if it is difficult to make a rational estimate of the future principal and interest cash flows, then the reserve is provided for the estimated loss amount individually.

In the case of all other loans to such borrowers, a reserve is provided on the basis of the loan failure rates calculated using the amount of actual loan failures etc. during a specific period in the past.

The Reserve for Loans to Restructuring Countries is provided based on the prospective loss after consideration of the relevant country's political and economic situation, etc.

All loans are assessed by the business promotion division, office or branch where the credit originated based on the internal rules for self-assessment of assets. A credit review and auditing section, which is independent of the originating sections, reviews the results of the self-assessment of assets for all loans based on the internal rules. The above Reserves for Possible Losses on Loans are provided based on the results of the review.

For loans to bankrupt obligors and substantially bankrupt obligors etc. which are collateralized or guaranteed by a third party etc., the amounts deemed uncollectible (calculated by deducting the anticipated proceeds from the sale of collateral pledged against the claims and amounts that are expected to be recovered from guarantors of the claims) are directly written off against the respective loan balances. The total amounts directly written-off are ¥ 1,832,935 million.

With respect to the Reserves for Possible Losses on Loans of other consolidated subsidiaries, for normal obligors the amounts deemed necessary are provided in the reserve based on the actual ratio of failure in the past, etc. In the case of intensive control obligors or similar obligors, the expected uncollectible amounts are provided in the reserve after considering the creditworthiness of each claim.

12. Reserve for Possible Losses on Investments

This reserve is provided to cover any future potential losses on investment securities in other companies. It is booked as the amount deemed necessary taking into consideration the financial situation and other relevant factors of the investment securities' issuers.

13. Reserve for Bonus Payments

This reserve is provided for future bonus payments to employees. It is booked as the amount deemed necessary for employees' bonuses at the end of the consolidated fiscal year.

14. Reserve for Employee Retirement Benefits, and Prepaid Pension Cost

This reserve and prepaid pension cost are provided for future pension payments to employees. They are recorded as the amounts accrued at the end of the consolidated fiscal year, based on the projected benefit obligation and the plan asset amount at the end of the consolidated fiscal year.

Unrecognized actuarial gains (losses) are recognized as income or expenses from the following consolidated fiscal year and amortized over a fixed number of years (10 to 12 years) within the average remaining service period of the current employees using the straight-line method.

With respect to the unrecognized net obligation of the domestic consolidated subsidiaries at the date of amendment of the pension accounting policy, the amount is to be amortized principally over 5 years.

15. Reserve for Possible Losses on Loans Sold

This reserve is provided to cover contingent losses on loans sold to the Cooperative Credit Purchasing Company Limited, taking into account the value of the collateral pledged. This reserve is provided in accordance with former Article 287-2 of the Commercial Code of Japan.



16. Reserve for Contingencies

This reserve is provided to cover possible losses arising from matters not covered by specific reserves which are likely to occur and regarding which losses are reasonably determinable. This reserve is provided in accordance with former Article 287-2 of the Commercial Code of Japan.

17. MHFG and its domestic consolidated subsidiaries treat finance leases which do not involve the transfer of ownership to the lessee as operating leases.

18. Domestic consolidated banking subsidiaries and domestic trust banking subsidiaries apply the macro-hedge method as a hedge accounting for the overall interest rate risk involved in various financial assets and liabilities, such as loans and deposits, etc. using derivatives. This method is applied on the basis of the transitional method stipulated in “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry” (JICPA Industry Audit committee Report No. 24). This is the risk management method stipulated in “Temporary Treatment for Accounting and Auditing Application of Accounting Standards for Financial Instruments in Banking industry” (JICPA Industry Audit Committee Report No.15) as the “Risk Adjusted Approach”, and uses the deferral method of hedge accounting. Hedge effectiveness is assessed by checking (1) whether the total risk amount of derivative instruments, used as the risk adjusting measure, is within the established risk limit as set out in the risk management policy and (2) whether interest risks from hedged items have been reduced.

In addition to the macro-hedge method, in order to hedge the foreign exchange risk attendant upon foreign securities (except bonds), the domestic consolidated banking subsidiaries applies the comprehensive hedge method outlined in the Accounting Standards for Financial Instruments, using deferred hedges and fair-value hedges in accordance with certain conditions, such as the stipulation in advance of precisely which company’s foreign securities are to be hedged, existence in foreign currency of a spot-forward liability in excess of the acquisition cost of the relevant foreign securities, etc.

For certain assets and liabilities and the assets and liabilities of other consolidated subsidiaries, deferred hedges, fair-value hedges or the special method for interest rate swaps are applied.

19. Consumption Taxes and Local Taxes

With respect to MHFG and its domestic consolidated subsidiaries, consumption taxes and local taxes are excluded from the transaction amounts.

20. Reserve under Special Laws is recorded as follows:

Reserve for Contingent Liabilities from Broking of Financial Futures Transactions: ¥ 64 million

This reserve is maintained pursuant to Article 82 of the Financial Futures Transaction Law.

Reserve for Contingent Liabilities from Broking of Securities Transactions: ¥ 819 million

This reserve is maintained pursuant to Article 51 of the Securities & Exchange Law.

21. Loans to Directors and Statutory Auditors of MHFG amounted to ¥ 14 million.

22. Accumulated depreciation of Premises and Equipment amounted to ¥ 735,934 million.

23. The book value of Premises and Equipment adjusted for gains on sales of replaced assets amounted to ¥ 136,127 million.

24. Computers, as well as Premises and Equipment, are used in lease contracts.

25. Balance of Loans to Bankrupt Borrowers: ¥ 288,686 million

Balance of Non-accrual Delinquent Loans: ¥ 1,598,542 million

Of the above loan amounts, ¥ 9,988 million comprises loans entrusted to the Resolution and Collection Corporation (“RCC”) which leads to removal from balance sheet.

Loans to Bankrupt Borrowers are loans, excluding loans written-off, on which delinquencies in payment of principal and/or interest have continued for a significant period of time or for some other reasons there is no prospect of collecting principal and/or interest (“Non-Accrual Loans”) as per Article 96 Paragraph 1 No. 3 subsections 1 to 5 or No. 4 of the Implementation Ordinances for the Corporate Tax Law (Government Ordinance No. 97, 1965).

Non-accrual Delinquent Loans represent non-accrual loans other than (1) Loans to Bankrupt Borrowers and (2) loans for which interest payments have been deferred in order to assist or facilitate

the restructuring of the borrowees.

26. Balance of Loans Past Due for 3 Months or More: ¥ 50,670 million.  
Loans Past Due for 3 Months or More are those loans for which payments of principal and/or interest have not been received for a period of three months or more beginning with the next day following the last due date for such payments, and are not included in Loans to Bankrupt Borrowers, or Non-accrual Delinquent Loans.
27. Balance of Restructured Loans: ¥ 2,832,049 million.  
Restructured Loans represent loans on which contracts were amended in favor of borrowers (e.g. reduction of, or exemption from, stated interest, deferral of interest payments, extension of maturity dates, renunciation of claims) in order to assist or facilitate the restructuring of the borrowers. Loans to Bankrupt Borrowers, Non-accrual Delinquent Loans and Loans Past Due for 3 Months or More are not included.
28. Total balance of Loans to Bankrupt Borrowers, Non-accrual Delinquent Loans, Loans Past Due for 3 Months or More and Restructured Loans: ¥ 4,769,949 million.  
Of the above loan amounts, ¥ 9,988 million comprises loans entrusted to RCC which leads to removal from balance sheet.  
The amounts given in paragraphs 25 through 28 are gross amounts before deduction of amounts for the Reserve for Possible Losses on Loans.
29. The total amount of loan participation, which is accounted as sales of loans to participants is ¥ 1,431,461 million. The above treatment is based on JICPA Accounting Standard Committee Report No.3 issued June 1, 1995.
30. Bills discounted is accounted for as financial transactions on the basis of “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24). As a result, the banking subsidiaries have rights to sell or pledge certain commercial bills and foreign exchange bills discounted. The principal amount of these bills amounted to ¥ 1,162,352 million.
31. Breakdown of assets pledged as collateral  
The following assets have been pledged as collateral:
- |                             |                      |
|-----------------------------|----------------------|
| Trading Assets:             | ¥ 3,879,743 million  |
| Securities:                 | ¥ 13,001,395 million |
| Loans and Bills Discounted: | ¥ 4,134,653 million  |
| Premises and Equipment:     | ¥ 63 million         |
- The following liabilities are collateralized by the above assets:
- |  |                     |
|--|---------------------|
| Deposits:  | ¥ 706,101 million   |
| Call Money and Bills Sold:                         | ¥ 7,672,000 million |
| Payables under Repurchase Agreements:              | ¥ 5,554,998 million |
| Pledged Money for Securities Lending Transactions: | ¥ 3,940,824 million |
| Borrowed Money:                                    | ¥ 331,760 million   |
- In addition to the above, Deposits with Banks amounting to ¥ 7,814 million, Trading Assets amounting to ¥ 15,205 million, Securities amounting to ¥ 1,792,238 million, Loans and Bills Discounted amounting to ¥ 466,821 million and Other Assets amounting to ¥ 8,220 million are pledged as collateral in connection with foreign exchange settlement transactions, or as a substitute for margin payments for future transactions.  
None of the assets has been pledged as collateral in connection with borrowings by non-consolidated subsidiaries or affiliates.  
Premises and Equipment include Security Deposits of ¥ 151,387 million and Other Assets include Margin Payments for Futures Transactions of ¥ 42,031 million.  
Bills re-discounted is accounted for as financial transactions on the basis of “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry” (Industry Audit Committee Report No.24). The total face value of commercial bills and foreign bills of exchange bought as a result of re-discounting: ¥ 14,399 million
32. The net realized and unrealized gains (losses) from hedging instruments are included in Other Assets as Deferred Hedge Losses. The gross amounts of deferred hedge losses and gains before netting were as follows:
- |                              |                     |
|------------------------------|---------------------|
| Total deferred hedge losses: | ¥ 1,924,390 million |
| Total deferred hedge gains:  | ¥ 1,827,820 million |

33. In accordance with the Law Concerning Land Revaluation (Proclamation No.34 dated March 31, 1998), land used for business activities has been revalued. The amount of tax payable on the amount of the revaluation differences has been shown in the item Deferred Tax Liabilities for Revaluation Reserve for Land indicated under Liabilities. In addition, the amount of revaluation differences less this tax liability has been shown in the item Revaluation Reserve for Land, net of Tax under Shareholders' Equity.

Revaluation Date: March 31, 1998

Revaluation method as stated in Article 3-3 of the above law:

Land used for the Bank's business activities was revalued by calculating the value on the basis of the valuation by road rating stipulated in Article 2-4 of the Enforcement Ordinance relating to the Land Revaluation Law (Government Ordinance No.119 promulgated on March 31, 1998) with reasonable adjustments to compensate for sites with long depth, etc. and also on the basis of the appraisal valuation stipulated in Article 2-5.

The difference at the consolidated balance sheet date between the total market value of land used for business activities revalued as stipulated in Article 10 of the above law, and the total book value of land used for business activities after revaluation: ¥ 303,917 million

Certain overseas subsidiaries revalue land used for their business activities in the same way.

34. Borrowed Money includes subordinated borrowings of ¥ 647,431 million.
35. Bonds and Notes include subordinated bonds of ¥ 2,355,788 million.
36. The principal amounts indemnified for money trusts and loan trusts, which are entrusted to domestic trust banking subsidiaries, are ¥ 886,055 million and ¥ 1,167,331 million, respectively.
37. Net asset per share: (¥ 20,376.71)
38. Figures for the market price and unrealized gains (losses) on securities are as follows. In addition to Securities, Trading Securities, Securities Held for Hedged Trading Transactions, NCDs and Commercial Paper in Trading Assets, NCDs in Cash and Due From Banks, and Commercial Paper in Other Debt Purchased are also included. The same applies up to and including paragraph 41.

#### Trading Securities

Balance of trading securities at the consolidated balance sheet date: ¥ 6,382,931 million

Unrealized gains (losses) recorded on the consolidated statement of income: ¥ 4,976 million

Securities Available for Sale which have a market price:

(Millions of yen)

|                             | Acquisition Cost  | Amount on Consolidated BS | Unrealized Gains (Losses) |                |                |
|-----------------------------|-------------------|---------------------------|---------------------------|----------------|----------------|
|                             |                   |                           |                           | Gains          | Losses         |
| <b>Japanese Stocks</b>      | <b>3,946,430</b>  | <b>3,755,859</b>          | <b>(190,570)</b>          | <b>166,085</b> | <b>356,656</b> |
| <b>Japanese Bonds Total</b> | <b>12,289,041</b> | <b>12,376,539</b>         | <b>87,497</b>             | <b>88,571</b>  | <b>1,073</b>   |
| Japanese Government Bonds   | 11,889,955        | 11,968,696                | 78,741                    | 79,316         | 575            |
| Japanese Municipal Bonds    | 110,364           | 117,027                   | 6,663                     | 6,703          | 40             |
| Japanese Corporate Bonds    | 288,721           | 290,815                   | 2,093                     | 2,550          | 457            |
| <b>Other</b>                | <b>5,569,061</b>  | <b>5,652,563</b>          | <b>83,501</b>             | <b>104,713</b> | <b>21,212</b>  |
| <b>Total</b>                | <b>21,804,533</b> | <b>21,784,962</b>         | <b>(19,571)</b>           | <b>359,370</b> | <b>378,942</b> |

The following amounts are included in Net Unrealized Gains (Losses) on Other Securities, net of Taxes:

|   |                    |
|---|--------------------|
| Net Unrealized Losses:  | ¥ (19,571 million) |
| Amount corresponding to Deferred Tax Assets:  | ¥ 560 million      |
| Less: Amount corresponding to Deferred Tax Liabilities :  | ¥ (3,891 million)  |
| Amount corresponding to Minority Interests:   | ¥ (1,592 million)  |
| Amount corresponding to Net Unrealized Losses on Other Securities owned by affiliates, which corresponds to the holding shares of their investor companies: | ¥ 75 million       |
| Amount included in Net Unrealized Losses on Other Securities, net of Taxes:   | ¥ (24,419 million) |

Of those Other Securities which have a market price, if the market price (as a rule, the closing price on the last day of the fiscal term) has markedly deteriorated against the acquisition cost (including amortized cost) then except in cases where it is deemed that there is a possibility of a recovery in the market price, the market price is taken as the amount recorded on the consolidated balance sheet (book value) and the difference between the acquisition cost and the market price is treated as loss for the consolidated fiscal year (“devaluation”). The amount of devaluation for the consolidated fiscal year was ¥ 534,776 million.

The criteria for determining whether a security’s market price has “markedly deteriorated” are outlined as follows:

Securities whose market price is 50% or less of the acquisition cost

Securities whose market price exceeds 50% but is 70% or less of the acquisition cost and the quoted price maintains a certain level or lower.

During this consolidated fiscal year, in order to reduce exposure to the market price fluctuation risk of securities held, the portfolio was treated in line with the Mizuho Financial Group “Business Reorganization” and the “Change & Speed-up Program”. In the case of securities where the market price exceeded 50% but was 70% or less of the acquisition cost and it was deemed necessary, even if the quoted price had maintained a certain level, the conservative approach was adopted and the market price was taken as the amount recorded on the consolidated balance sheet (book value), and the difference between the acquisition cost and the market price was recognized as losses on devaluation.

39. Other Securities sold during this consolidated fiscal year are as follows:

| Amount Sold          | Gains on Sales    | Losses on Sales   |
|----------------------|-------------------|-------------------|
| ¥ 48,709,089 million | ¥ 352,189 million | ¥ 435,822 million |

40. Major components of securities without a market price and their book value are as follows:

| (Millions of yen)                                |                           |
|--|---------------------------|
| Details  | Amount on Consolidated BS |
| <u>Other Securities:</u>                         |                           |
| Unlisted Japanese Stocks (other than OTC stocks) | 581,590                   |
| Private Bonds                                    | 1,026,310                 |

41. The redemption schedule by term for Other Securities with maturities is as follows:

| (Millions of yen)           |                  |                   |                     |                  |
|-----------------------------|------------------|-------------------|---------------------|------------------|
|                             | 1 year or less   | 1 year to 5 years | 5 years to 10 years | Over 10 years    |
| <b>Japanese Bonds Total</b> | <b>3,677,837</b> | <b>5,138,277</b>  | <b>4,420,842</b>    | <b>165,867</b>   |
| Japanese Government Bonds   | 3,567,541        | 4,143,028         | 4,418,350           | 109,776          |
| Japanese Municipal Bonds    | 7,691            | 36,671            | 71,943              | 12,530           |
| Japanese Corporate Bonds    | 102,604          | 958,576           | 200,548             | 43,561           |
| <b>Other</b>                | <b>745,266</b>   | <b>3,192,613</b>  | <b>575,322</b>      | <b>1,256,281</b> |
| <b>Total</b>                | <b>4,423,104</b> | <b>8,330,890</b>  | <b>4,996,165</b>    | <b>1,422,149</b> |

42. Details of Money Held in Trust are as follows:

For the Purpose of Investing in Securities

Book value on the consolidated balance sheet: ¥ 31,769 million

Revaluation gains (losses) recognized in the consolidated statement of income: ¥ (26) million

Other Money Held in Trust:

Cost: ¥ 1,786 million

Book value on the consolidated balance sheet: ¥ 1,771 million

Net unrealized gain (loss): (¥ 15 million)

Gross gain (loss): (¥ 15 million)

The above “Net unrealized gain” is included in “Net Unrealized Losses on Other Securities, net of Taxes”

43. Unsecured lending transactions which allow borrowers to re-sell securities, amounting to ¥ 8,585 million, are included in Trading Securities under Trading Assets. Securities lending transactions which do not allow borrowers to re-sell securities, amounting to ¥ 1,448 million, are included in Japanese Government Bonds, Japanese Local Government Bonds, etc. in Securities.

In certain transactions subsidiaries have the right to re-sell or re-pledge securities held under securities borrowing agreements and cash-collateralized securities borrowing agreements and securities purchased with resale agreements. Of these, securities re-pledged as collateral, re-sold, and held without being re-pledged or re-sold amounted to ¥ 4,135,372 million, ¥ 2,140 million and ¥ 3,499,257 million, respectively. ¥1,911 million of stocks for margin transactions is lodged as collateral for borrowed money.

44. Overdraft protection on current accounts and contracts for the commitment line for loans are contracts by which consolidated subsidiaries are bound to extend loans up to the prearranged amount, at the request of customers, unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounts to ¥ 43,195,571 million. ¥ 39,548,144 million 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.

Since many of these contracts expire without the rights exercised, the unutilized balance itself does not necessarily affect future cash flows of MHFG and its consolidated subsidiaries. A provision is included in many of these contracts that entitles the consolidated subsidiaries to refuse the execution of loans, or reduce the maximum amount under contracts when there is a change in the financial situation, necessity to preserve a claim, or other similar reasons. The consolidated subsidiaries obtain, moreover, real estate or securities as collateral at the time the contract 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.

45. Projected pension benefit obligation etc. as of the consolidated balance sheet date are as follows:

|  | ¥ million   |
|--|-------------|
| Projected Benefit Obligation                               | (1,491,244) |
| Plan Assets (fair value)                                   | 1,008,021   |
| Unfunded Retirement Benefit Obligation                     | (483,223)   |
| Unrecognized Net Obligation at Date of Initial Application | 63,219      |
| Unrecognized Actuarial Gains (Losses)                      | 733,415     |
| Net Amounts on Consolidated Balance Sheet                  | 313,410     |
| Prepaid Pension Cost                                       | 339,973     |
| Reserve for Employee Retirement Benefits                   | (26,562)    |

46. Assets include provisional tax payments of ¥ 222,682 million made by a certain domestic banking subsidiary. These tax payments were made upon receipt of a Correction Notice from the Tokyo Regional Taxation Bureau ("TRTB") on August 23, 1996 in connection with the write-off of credits due from Japan Housing Loan, Inc. amounting to ¥ 376,055 million recorded in the consolidated 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, but this was dismissed. On October 30, 1997 the subsidiary filed a lawsuit with the Tokyo District Court seeking to void the TRTB's administrative action against the subsidiary and won the case entirely on March 2, 2001. However this was appealed to the Tokyo High Court on March 16, 2001 and the subsidiary lost the case on March 14, 2002. On March 27, 2002 the subsidiary filed an appeal to the Supreme Court.

The subsidiary believes that its claim is appropriate. Nevertheless, the subsidiary provided a Reserve for Contingencies amounting to ¥ 134,806 million from the standpoint of sound financial practice. (Please refer to paragraph 16)

47. With the implementation of the "Metropolitan Ordinance regarding the Imposition of Enterprise Taxes through External Standards Taxation on Banks in Tokyo" (Tokyo Metropolitan Ordinance No. 145, April 1, 2000) ("the metropolitan ordinance"), enterprise taxes which were hitherto levied on income are now levied on *gyomu ararieki* (Gross Profits).

On October 18, 2000, domestic banking subsidiaries and domestic trust banking subsidiaries filed a lawsuit with the Tokyo District Court against the Tokyo metropolitan government and the Governor of Tokyo seeking to void the metropolitan ordinance. Domestic banking subsidiaries and domestic trust banking subsidiaries won the case eventually entirely on March 26, 2002 with a decision of the Tokyo District Court in domestic banking subsidiaries and domestic trust banking subsidiaries' favor, on the grounds that the metropolitan ordinance was illegal. The District Court ordered the metropolitan government to return to the domestic banking subsidiaries and domestic trust banking subsidiaries advance tax payments of ¥ 20,536 million and also awarded damages of ¥ 410 million. On March 29, 2002 the metropolitan government lodged an appeal with the Tokyo High Court against the decision

and on April 9 of the same year all those banks, which were plaintiffs in the first legal action including domestic banking subsidiaries and domestic trust banking subsidiaries, lodged an appeal with the Tokyo High Court. The domestic banking subsidiaries and domestic trust banking subsidiaries won the case eventually entirely on January 30, 2003 with a decision of the Tokyo High Court in their favor, on the grounds that the metropolitan ordinance was illegal. The Tokyo High Court ordered the metropolitan government to return to the domestic banking subsidiaries and domestic trust banking subsidiaries advance tax payments of ¥ 47,552 million. On February 10, the metropolitan government lodged an appeal and on February 13 all the banks which were plaintiffs in the first legal action including domestic banking subsidiaries and domestic trust banking subsidiaries lodged an appeal.

It is the opinion of domestic banking subsidiaries and domestic trust banking subsidiaries that the metropolitan ordinance is both unconstitutional and illegal. Domestic banking subsidiaries and domestic trust banking subsidiaries have asserted this opinion in the courts and the matter is still in litigation. During this term domestic banking subsidiaries and domestic trust banking subsidiaries have applied the same treatment as in the previous term, accounting for enterprise taxes through external standards taxation on banks in Tokyo in accordance with the metropolitan ordinance, because domestic banking subsidiaries and domestic trust banking subsidiaries have deemed it appropriate at this stage to continue with the same accounting treatment as before. This accounting treatment does not constitute in any way an admission on the part of domestic banking subsidiaries and domestic trust banking subsidiaries either of the constitutionality or of the legality of the metropolitan ordinance.

With the implementation of the metropolitan ordinance, enterprise taxes relating to banks in Tokyo were recorded in Other Expenses in the amount of ¥ 27,948 million in this consolidated fiscal year. As a result, there was a respective decrease (increase) in Ordinary Profit (Loss) as compared with the previous standards under which enterprise taxes were levied on income. Moreover, there was no effect in “Income Taxes – Current” in this consolidated fiscal year. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in Deferred Tax Assets of ¥ 44,514 million as compared with the amount that it would have been had the enterprise taxes been levied on income instead of gross profits. There was also a decrease in Deferred Tax Liabilities on Land Revaluation of ¥ 6,293 million, an equivalent increase in the Revaluation Reserve for Land, net of Taxes of same amount.

On April 4, 2002 domestic banking subsidiaries and domestic trust banking subsidiaries filed a lawsuit with the Osaka District Court against the Osaka municipal government and the Governor of Osaka seeking to void the municipal ordinance. With the implementation of the “Revision of Municipal Ordinance regarding the Imposition of the Enterprise Taxes through External Standards Taxation on Banks in Osaka” (Osaka Municipal Ordinance No.77) (“the revised municipal ordinance”) on May 30, 2002 and the implementation of “Revision of Municipal Ordinance regarding the Imposition of the Enterprise Taxes through External Standards Taxation on Banks in Osaka” (Osaka Municipal Ordinance No. 14), enterprise taxes through external standards taxation were applied from the beginning of the consolidated fiscal year starting on April 1, 2002.

The enterprise taxes which the banks are required to pay to the Osaka municipal government this fiscal term are subject to supplementary provision 2 of the revised municipal ordinance which stipulates that the banks shall pay the enterprise taxes based on the lesser of *gyomu ararieki* (Gross Profits) or income. Domestic banking subsidiaries and domestic trust banking subsidiaries, therefore, are scheduled to 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 ordinances as well as the municipal ordinance. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in Deferred Tax Assets of ¥ 5,404 million as compared with the amount that it would have been had the enterprise taxes been levied on income instead of gross profits. There was also a decrease in Deferred Tax Liabilities on Land Revaluation of ¥ 590 million, and an equivalent increase in the Revaluation Reserve for Land, net of Taxes of same amount.

With the promulgation of “Revision of Law regarding Regional Taxation etc.” (Law No. 9 of 2003) on March 31, 2002, enterprise taxes imposed on banks through external standards taxation from the consolidated fiscal year beginning April 1, 2004 will be levied on “added value”, “amount of capital etc.” and “income and liquidation income”, as compared with the previous legislation (“Law Regarding Regional Taxation” of 2003 before amendment, Article 72-12) under which enterprise taxes were levied on “income and liquidation income”. It follows that enterprise taxes imposed through external standards taxation levied on added value and amount of capital etc. are not in keeping with a tax which is imposed through on income. Moreover, as a result from the consolidated fiscal year beginning April 1, 2004 enterprise taxes relating to banks in Tokyo and Osaka levied respectively by the Tokyo metropolitan government on the basis of the metropolitan ordinance and the Osaka municipal government on the basis of the municipal ordinance, will lose their foundation in law and will cease to apply.

As a result, there was a decrease in Deferred Tax Assets of ¥ 9,382 million, and an increase in Income Tax Expenses – Deferred of ¥ 8,531 million. There was also a decrease in Deferred Tax Liabilities on Land Revaluation of ¥ 14,027 million, and an equivalent increase in the Revaluation Reserve for Land, net of Taxes of same amount, in addition to an increase decrease in the Unrealized Gains (Losses) on Other Securities, net of Taxes of ¥ 27 million.

# Consolidated Statement of Operations

April 1, 2002-March 31, 2003

Mizuho Financial Group, Inc

(In millions of yen)

|  |           |           |
|--|-----------|-----------|
| <b>Ordinary Income</b>   |           | 3,435,997 |
| Interest Income  | 1,991,236 |           |
| <i>Interest on Loans and Bills Discounted</i>  | 1,433,961 |           |
| <i>Interest and Dividends on Securities</i>  | 347,927   |           |
| <i>Interest on Call Loans and Bills purchased</i>  | 11,125    |           |
| <i>Interest on Receivables Under Resall Agreements</i>                                   | 113,940   |           |
| <i>Interest on Securities Borrowing Transactions</i>                                     | 770       |           |
| <i>Interest on Due from Banks</i>  | 42,801    |           |
| <i>Other Interest Income</i>   | 40,710    |           |
| Fiduciary Income   | 55,460    |           |
| Fee and Commissions Income   | 490,182   |           |
| Trading Income   | 244,524   |           |
| Other Operating Income   | 416,972   |           |
| Other Income   | 237,620   |           |
| <b>Ordinary Expenses</b>   |           | 5,566,544 |
| Interest Expenses  | 734,859   |           |
| <i>Interest on Deposits</i>  | 181,037   |           |
| <i>Interest on Negotiable Certificates of Deposit</i>                                    | 12,878    |           |
| <i>Interest on Debentures</i>  | 117,776   |           |
| <i>Amortization of Deferred Debenture Charges</i>  | 3,146     |           |
| <i>Interest on Call money and Bills sold</i>   | 7,024     |           |
| <i>Interest on Payable under Repurchase Agreements</i>                                   | 189,919   |           |
| <i>Interest on Securities Lending Transactions</i>                                       | 8,724     |           |
| <i>Interest on Commercial Paper</i>  | 841       |           |
| <i>Interest on Borrowed Money</i>  | 44,228    |           |
| <i>Interest on Bonds and Notes</i>   | 59,883    |           |
| <i>Other Interest Expenses</i>   | 109,398   |           |
| Fee and Commissions Expenses   | 79,647    |           |
| Other Operating Expenses   | 150,217   |           |
| General and Administrative Expenses  | 1,237,641 |           |
| Other Expenses   | 3,364,178 |           |
| <i>Provision of Reserve for Possible Loan Losses</i>                                     | 932,421   |           |
| <i>Others</i>  | 2,431,756 |           |
| <b>Ordinary Loss</b>   |           | 2,130,547 |
| Extraordinary Gains  |           | 5,813     |
| Gain on Disposal of Premises and Equipment   | 1,285     |           |
| Recovery of Written-off Claims   | 4,210     |           |
| Transfer from Reserve for Contingent Liabilities from Broking of Future transactions     | 82        |           |
| Transfer from Reserve for Contingent Liabilities from Broking of Securities transactions | 171       |           |
| Other Extraordinary Gains  | 62        |           |
| Extraordinary Losses   |           | 137,438   |
| Losses on disposal of Premises and Equipment   | 102,104   |           |
| Transfer to Reserve for Contingent Liabilities from Broking of Future transactions       | 20        |           |
| Transfer to Reserve for Contingent Liabilities from Broking of Securities transactions   | 166       |           |
| Other Extraordinary Losses   | 35,146    |           |
| <b>Loss before Income Taxes and Minority Interests</b>                                   |           | 2,262,172 |
| Income Tax Expenses:   |           |           |
| Current  |           | 22,288    |
| Deferred   |           | 30,505    |
| Minority Interests in Net Loss   |           | 62,205    |
| <b>Net Loss</b>  |           | 2,377,172 |



*Notes to Consolidated Statement of Income*

1. Amounts less than one million yen are rounded down.
2. Net income per share of Capital Stock: ¥254,524.65.
3. Income or expenses on trading transactions are recognized on a trade date basis and recorded in Trading Income or Trading Expenses on the consolidated statement of income. Trading Income and Trading Expenses represent the interest received/paid during the consolidated fiscal term plus (1) the gains or losses resulting from any change in the value of securities and monetary claims in this consolidated fiscal term and (2) the gains or losses resulting from any change in the value of derivative financial instruments in this consolidated fiscal term, assuming that they were settled at term end.
4. Other Income includes Gains on Sales of Stocks and Other Securities of ¥75,862million, Accrued Refund Related to Foreign Corporation Tax of ¥30,287million, and Gains on Assets placed in Employee Retirement Benefit Trusts of ¥43,847million.
5. Other Expenses include Losses on Write-offs of Loans of ¥735,111million, Losses on Devaluation of Stocks and Other Securities of ¥607,474million and Losses on Sales of Stocks and Other Securities of ¥389,498million.
6. Extraordinary Losses include amortization of net obligation at date of initial application of the new accounting standard for employee retirement benefits of ¥32,967 million.

# **Consolidated Statement of Capital Surplus and Retained Earnings**

**April 1, 2002-March 31, 2003**

**Mizuho Financial Group, Inc**

(in millions of yen)

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## **Capital Surplus**

|   |           |
|---|-----------|
| <b>Balance at April 1, 2002</b>   | 353,765   |
| <b>Increase</b>   | 2,245,787 |
| Issuance of Preferred Stock   | 540,965   |
| Increase in capital surplus due to the stock-for-stock exchange and the corporate split | 1,704,822 |
| <b>Balance at March 31, 2003</b>  | 2,599,552 |

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## **Retained Earnings (Accumulated Deficits)**

|  |             |
|--|-------------|
| <b>Balance at April 1, 2002</b>                          | 997,265     |
| <b>Increase</b>  | 29,899      |
| Transfer from Revaluation Reserve for Land, net of Taxes | 29,899      |
| <b>Decrease</b>  | 2,432,157   |
| Net Loss   | 2,377,172   |
| Dividends  | 54,985      |
| Bonuses to Directors and Corporate Auditors              | 0           |
| <b>Balance at September 30, 2002</b>                     | (1,404,992) |

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- Notes**
1. Amounts less than one million yen are rounded down.
  2. The balance of Capital Surplus at April 1, 2002 includes decrease of ¥1,849,982 million arising from the split and merger process of The Dai-Ichi Kangyo Bank, Ltd., The Fuji Bank, Ltd. and The Industrial Bank of Japan, Ltd. which took place on that date.
  3. The balance of Retained Earnings at April 1, 2002 includes increase of ¥896,131 million arising from the split and merger process of The Dai-Ichi Kangyo Bank, Ltd., The Fuji Bank, Ltd. and The Industrial Bank of Japan, Ltd. which took place on that date.
  4. Increase in capital surplus due to the stock exchange transaction and the corporate split represents an increase as a result of the Business Reorganization.

# Consolidated Statement of Cash Flows

April 1, 2002-March 31, 2003

**Mizuho Financial Group, Inc.**

(In millions of yen)

## **I. Cash Flows from Operating Activities**

|   |             |
|---|-------------|
| Income (Loss) before Income Taxes and Minority Interests                          | (2,262,172) |
| Depreciation  | 144,182     |
| Amortization of Consolidation Differences   | 68,597      |
| Equity in Losses from Investments in Affiliates                                   | 3,491       |
| Increase in Reserve for Possible Losses on Loans                                  | 263,907     |
| Increase in Reserve for Possible Losses on Securities                             | (1,682)     |
| Increase in Reserve for Possible Losses on Loans Sold                             | (24,085)    |
| Increase in Reserve for Contingencies   | 6,920       |
| Increase in Reserve for Bonus Payments  | 15,167      |
| Increase (Decrease) in Reserve for Employee Retirement Benefits                   | (36,501)    |
| Interest Income - accrual basis   | (1,991,236) |
| Interest Expense - accrual basis  | 734,859     |
| Loss on Securities  | 708,795     |
| Loss from Money Held in Trust   | 988         |
| Foreign Exchange Loss - Net   | 116,110     |
| Loss on Dispositions of Premises and Equipment                                    | 100,818     |
| Gain on Establishment of Retirement Benefit Trust                                 | (43,847)    |
| Net Increase in Trading Assets  | (2,111,812) |
| Net Increase in Trading Liabilities   | 1,508,735   |
| Net Decrease in Loans and Bills Discounted  | 15,264,686  |
| Net Decrease in Deposits  | (8,833,571) |
| Net Decrease in Negotiable Certificates of Deposit (Liabilities)                  | (4,513,175) |
| Net Decrease in Debentures (excluding Subordinated Debentures)                    | (3,614,499) |
| Net Increase in Borrowed Money (excluding Subordinated Borrowed Money)            | 23,356      |
| Net Decrease in Due from Banks (excluding Deposits with Central Banks)            | 1,027,730   |
| Net Increase in Call Loans  | (2,509,156) |
| Net Decrease in Cash Placed as Collateral on Securities Borrowed                  | 3,313,727   |
| Net Increase in Guarantee Deposits Paid under Securities Borrowing Transactions   | (6,297,721) |
| Net Increase in Call Money  | 5,294,445   |
| Net Decrease in Commercial Paper  | (77,856)    |
| Net Decrease in Cash Received as Collateral for Securities Lent                   | (4,050,050) |
| Net Increase in Guarantee Deposits Received under Securities Lending Transactions | 4,140,383   |
| Net Decrease in Foreign Exchange (Assets)   | 463,947     |
| Net Decrease in Foreign Exchange (Liabilities)                                    | (517,285)   |
| Net Decrease in Issuance, Redemption of Bonds and Notes                           | (50,228)    |
| Net Decrease in Due to Trust Account  | (286,941)   |
| Interest and Dividends Income - cash basis  | 2,085,777   |
| Interest Expense - cash basis   | (844,916)   |
| Others  | 671,265     |
| Sub - Total   | (2,108,846) |
| Income Taxes Paid   | (87,315)    |
| Net Cash Used in Operating Activities   | (2,196,162) |

## **II. Cash Flows from Investing Activities**

|   |              |
|---|--------------|
| Payments for Purchase of Securities             | (59,435,925) |
| Proceeds from Sale of Securities                | 48,003,018   |
| Proceeds from Redemption of Securities          | 11,261,664   |
| Payments for Increase in Money Held in Trust    | (20,364)     |
| Proceeds from Decrease in Money Held in Trust   | 54,340       |
| Payments for Purchase of Premises and Equipment | (94,326)     |
| Proceeds from Sale of Premises and Equipment    | 25,257       |
| Net Cash Used in Investing Activities           | (206,336)    |

## **III. Cash Flows from Financing Activities**

|   |             |
|---|-------------|
| Proceeds from Issuance of Subordinated Borrowed Money                             | 243,000     |
| Repayments of Subordinated Borrowed Money   | (1,335,000) |
| Proceeds from Issuance of Subordinated Bonds, Notes and Bonds with Stock Option   | 75,000      |
| Repayments of Redemption of Subordinated Bonds, Notes and Bonds with Stock Option | (485,778)   |
| Proceeds from Issuance of Stock   | 1,081,930   |
| Proceeds from Investment of Minority Interests                                    | 118,500     |
| Dividends Paid  | (54,985)    |
| Dividends Paid for Minority Interests   | (36,424)    |
| Payments for Purchase of Treasury Stock   | (263)       |
| Net Cash Used in Financing Activities   | (394,021)   |

### **. Effect of Exchange Rate Changes on Cash and Cash Equivalents**

72

### **. Net Increase in Cash and Cash Equivalents**

(2,796,448)

### **. Cash and Cash Equivalents at Beginning of year**

9,847,366

### **. Net Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation**

(2,413)

### **. Cash and Cash Equivalents at End of year**

7,048,505

## NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

- 1 Amounts less than one million yen are rounded down.
- 2 For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and deposits with central banks included in "Cash and Due from Banks" on the Consolidated Balance Sheet.
- 3 Cash and Cash Equivalents at the end of year were reconciled to Cash and Due from Banks on the Consolidated Balance Sheet as follows:

|   | (in millions of yen) |
|---|----------------------|
| Cash and Due from Banks                                   | 7,849,717            |
| Due from banks except for deposits with the central banks | (801,212)            |
| Cash and Cash Equivalents                                 | 7,048,505            |

(Reference)

## **Comparison of Consolidated Balance Sheets (Selected Items)**

**Mizuho Financial Group, Inc.**  
(in millions of yen)

| Balance Sheets  | March 31,<br>2003(A)<br>Mizuho Financial<br>Group, Inc. | March 31,<br>2002(B)<br>Mizuho Holdings,<br>Inc. | Comparison<br>( A - B ) |
|---|---|--|-------------------------|
| <b>ASSETS</b>   |   |  |                         |
| Cash and Due from Banks   | 7,849,717   | 11,720,134                                       | (3,870,417)             |
| Call Loans and Bills Purchased  | 641,908   | 942,285  | (300,376)               |
| Receivables Under Resell Agreements                                   | 3,736,424   | 1,768,766  | 1,967,657               |
| Guarantee Deposit Paid under Securities Borrowing Transactions        | 6,297,721   | -  | 6,297,721               |
| Other Debt Purchased  | 1,209,540   | 604,395  | 605,144                 |
| Trading Assets  | 9,919,083   | 7,951,419  | 1,967,663               |
| Money Held in Trust   | 33,540  | 69,762   | (36,221)                |
| Securities  | 23,816,574  | 24,108,931                                       | (292,356)               |
| Loans and Bills Discounted  | 69,210,035  | 84,593,656                                       | (15,383,621)            |
| Foreign Exchange Assets   | 720,519   | 1,186,977  | (466,458)               |
| Other Assets  | 4,904,656   | 11,067,767                                       | (6,163,110)             |
| Premises and Equipment  | 1,632,851   | 1,753,497  | (120,645)               |
| Deferred Debenture Charges  | 1,041   | 4,843  | (3,802)                 |
| Deferred Tax Assets   | 2,130,243   | 2,509,110  | (378,866)               |
| Consolidation Differences   | -   | 64,296   | (64,296)                |
| Customers' Liabilities for Acceptances and Guarantees                 | 4,145,411   | 4,923,244  | (777,832)               |
| Reserve for Possible Losses on Loans                                  | (2,211,366)   | (1,949,819)                                      | (261,546)               |
| Reserve for Possible Losses on Securities                             | (5,156)   | (6,841)  | 1,685                   |
| <b>Total Assets</b>   | <b>134,032,747</b>                                      | <b>151,312,427</b>                               | <b>(17,279,680)</b>     |
| <b>LIABILITIES</b>  |   |  |                         |
| Deposits  | 65,257,901  | 74,129,456                                       | (8,871,555)             |
| Negotiable Certificates of Deposit                                    | 6,964,740   | 11,476,779                                       | (4,512,038)             |
| Debentures  | 11,696,391  | 15,310,890                                       | (3,614,499)             |
| Call Money and Bills Sold   | 11,185,809  | 9,453,692  | 1,732,117               |
| Payables Under Repurchase Agreements                                  | 8,209,283   | 4,855,073  | 3,354,209               |
| Guarantee Deposit Received under Securities Lending Transactions      | 4,140,383   | -  | 4,140,383               |
| Commercial Paper  | 627,400   | 711,382  | (83,982)                |
| Trading Liabilities   | 6,278,262   | 4,883,842  | 1,394,420               |
| Borrowed Money  | 1,454,826   | 2,553,382  | (1,098,555)             |
| Foreign Exchanges Liabilities   | 190,878   | 708,231  | (517,353)               |
| Bonds and Notes   | 2,468,606   | 2,966,847  | (498,240)               |
| Bonds with Stock Option   | 3,858   | -  | 3,858                   |
| Convertible Bonds   | -   | 8,432  | (8,432)                 |
| Due to Trust Account  | 1,489,463   | 1,776,404  | (286,941)               |
| Other Liabilities   | 5,526,554   | 11,278,184                                       | (5,751,630)             |
| Reserve for Bonus Payment   | 36,969  | 21,801   | 15,167                  |
| Reserve for Employee Retirement Benefits                              | 26,562  | 36,619   | (10,056)                |
| Reserve for Possible Losses on Loans Sold                             | 25,561  | 49,647   | (24,085)                |
| Reserve for Contingencies   | 141,124   | 134,203  | 6,920                   |
| Reserve under Special Laws  | 884   | 950  | (66)                    |
| Deferred Tax Liabilities  | 4,276   | 15,741   | (11,465)                |
| Deferred Tax Liabilities for Revaluation Reserve for Land             | 258,515   | 335,108  | (76,592)                |
| Acceptances and Guarantees  | 4,145,411   | 4,923,244  | (777,832)               |
| <b>Total Liabilities</b>  | <b>130,133,666</b>                                      | <b>145,629,916</b>                               | <b>(15,496,250)</b>     |
| <b>MINORITY INTERESTS</b>   |   |  |                         |
| Minority Interests  | 1,038,013   | 951,091  | 86,922                  |
| <b>SHAREHOLDERS' EQUITY</b>   |   |  |                         |
| Total Shareholders' Equity  | 2,861,066   | 4,731,420  | (1,870,353)             |
| <b>Total Liabilities, Minority Interests and Shareholders' Equity</b> | <b>134,032,747</b>                                      | <b>151,312,427</b>                               | <b>(17,279,680)</b>     |

(Notes) Amounts less than one million yen are rounded down.

(Reference)

## **Comparison of Consolidated Statements of Operations (Selected Items)**

**Mizuho Financial Group, Inc.**  
(in millions of yen)

| Statements of Operations                                 | For the year ended<br>March 31, 2003<br>(A)<br><br>Mizuho Financial<br>Group, Inc. | For the year ended<br>March 31, 2002<br>(B)<br><br>Mizuho Holdings,<br>Inc. | Comparison<br>(A-B) |
|--|--|---|---------------------|
| Ordinary Income  | 3,435,997  | 5,182,183   | (1,746,186)         |
| Interest Income :  | 1,991,236  | 3,020,489   | (1,029,252)         |
| <i>Interest on Loans and Bills Discounted</i>            | <i>1,433,961</i>   | <i>2,059,125</i>  | <i>(625,164)</i>    |
| <i>Interest and Dividends on Securities</i>              | <i>347,927</i>   | <i>516,308</i>  | <i>(168,381)</i>    |
| Fiduciary Income   | 55,460   | 54,443  | 1,016               |
| Fee and Commissions Income                               | 490,182  | 544,238   | (54,056)            |
| Trading Income   | 244,524  | 178,884   | 65,640              |
| Other Operating Income                                   | 416,972  | 651,035   | (234,063)           |
| Other Income   | 237,620  | 733,092   | (495,471)           |
| Ordinary Expenses  | 5,566,544  | 6,532,033   | (965,489)           |
| Interest Expenses :                                      | 734,859  | 1,492,876   | (758,016)           |
| <i>Interest on Deposits</i>                              | <i>181,037</i>   | <i>470,458</i>  | <i>(289,421)</i>    |
| <i>Interest on Debentures</i>                            | <i>117,776</i>   | <i>160,011</i>  | <i>(42,234)</i>     |
| <i>Amortization of Deferred Debenture Charges</i>        | <i>3,146</i>   | <i>10,388</i>   | <i>(7,241)</i>      |
| Fee and Commissions Expenses                             | 79,647   | 43,156  | 36,490              |
| Other Operating Expenses                                 | 150,217  | 451,041   | (300,824)           |
| General and Administrative Expenses                      | 1,237,641  | 1,368,206   | (130,564)           |
| Other Expenses   | 3,364,178  | 3,176,752   | 187,426             |
| Ordinary Profit (Loss)                                   | (2,130,547)  | (1,349,850)   | (780,697)           |
| Extraordinary Gains                                      | 5,813  | 133,407   | (127,594)           |
| Extraordinary Losses                                     | 137,438  | 208,728   | (71,289)            |
| Income (Loss) before Income Taxes and Minority Interests | (2,262,172)  | (1,425,170)   | (837,001)           |
| Income Tax Expenses :                                    |  |   |                     |
| Current  | 22,288   | 110,498   | (88,209)            |
| Deferred   | 30,505   | (545,923)   | 576,428             |
| Minority Interests in Net Income (Loss)                  | 62,205   | (13,701)  | 75,906              |
| Net Income (Loss)  | (2,377,172)  | (976,044)   | (1,401,127)         |

(Notes) Amounts less than one million yen are rounded down.

## Segment Information

### 1. Segment Information by Type of Business

The Mizuho Financial Group is engaged in securities, trust, leasing and other activities. Such segment information, however, has not been presented, as the percentages of those activities are insignificant.

### 2. Segment Information by Geographic Area

For the Fiscal 2002 (from April 1, 2002 to March 31, 2003)

( in millions of yen )

|  | Japan        | Americas   | Europe    | Asia/Oceania,<br>excluding<br>Japan | Total        | Elimination   | Consolidated<br>Results |
|--|--------------|------------|-----------|-------------------------------------|--------------|---------------|-------------------------|
| Ordinary Income                          |              |            |           |                                     |              |               |                         |
| (1) Ordinary Income to outside customers | 2,716,129    | 327,148    | 278,081   | 114,637                             | 3,435,997    | —             | 3,435,997               |
| (2) Inter-segment Ordinary Income        | 25,237       | 92,806     | 54,865    | 17,314                              | 190,224      | ( 190,224)    | —                       |
| Total                                    | 2,741,366    | 419,954    | 332,947   | 131,952                             | 3,626,221    | ( 190,224)    | 3,435,997               |
| Ordinary Expenses                        | 4,914,101    | 349,570    | 383,136   | 98,838                              | 5,745,645    | ( 179,101)    | 5,566,544               |
| Ordinary Profits (Loss)                  | ( 2,172,734) | 70,384     | ( 50,188) | 33,114                              | ( 2,119,424) | ( 11,122)     | ( 2,130,547)            |
| Assets                                   | 126,050,751  | 13,504,905 | 7,543,064 | 5,016,293                           | 152,115,014  | ( 18,082,267) | 134,032,747             |

Notes: 1. Geographic analyses of the Mizuho Financial Group's operations are presented based on geographic contiguity, similarities in economic activities, and relation of business operations. Ordinary Income and Ordinary Profit/Loss are presented in lieu of Sales and Operating Profit/Loss as is the case for non-financial companies.

2. Americas includes the United States of America and Canada, etc., Europe includes the United Kingdom, etc. and Asia/Oceania includes Hong Kong and the Republic of Singapore, etc.

### 3. Ordinary Income from Overseas Entities

(in millions of yen)

| Period  | Ordinary Income from<br>Overseas Entities | Consolidated Ordinary<br>Income | Ordinary Income from<br>Overseas Entities /<br>Consolidated Ordinary<br>Income |
|---|---|---------------------------------|--|
| For the Fiscal 2002<br>(from April 1, 2002 to March 31, 2003) | 719,867                                   | 3,435,997                       | %<br>20.95   |

Notes: 1. Ordinary Income from Overseas Entities is presented in lieu of Sales as is the case for non-financial companies.

2. Ordinary Income from Overseas Entities represents Ordinary Income recorded by overseas branches of domestic subsidiaries and overseas subsidiaries excluding inter-segment Ordinary Income. Geographical analyses of Ordinary Income from Overseas Entities are not presented as no such information is available.

## Manufacturing, order-book and retail situation

There is no information on "Manufacturing, order-book and retail situation."

(Derivatives) - Current fiscal year

## (1) Interest Rate Related Transactions

(in millions of Yen)

| Type of Transactions |                     | March 31, 2003  |                        |             |                         |
|----------------------|---------------------|-----------------|------------------------|-------------|-------------------------|
|                      |                     | Contract Amount |                        | Fair Value  | Revaluation Gain (Loss) |
|                      |                     |                 | Maturity over One Year |             |                         |
| Listed               |                     |                 |                        |             |                         |
| Futures              | Sold                | 30,372,072      | 2,736,609              | (218,281)   | (218,281)               |
|                      | Bought              | 31,180,316      | 2,709,882              | 222,582     | 222,582                 |
| Options              | Sold                | 7,036,119       | 666,435                | 4,877       | 1,118                   |
|                      | Bought              | 7,959,168       | 429,337                | 6,931       | 3,352                   |
| Over the Counter     |                     |                 |                        |             |                         |
| FRAs                 | Sold                | 32,797,851      | 7,228,548              | 32,768      | 32,768                  |
|                      | Bought              | 29,982,492      | 5,090,079              | (33,979)    | (33,979)                |
| Swaps                | Fix receive/Flt Pay | 264,936,816     | 178,494,093            | 8,028,427   | 8,028,427               |
|                      | Flt receive/Fix Pay | 263,164,417     | 178,174,511            | (7,601,998) | (7,601,998)             |
|                      | Flt receive/Flt Pay | 40,855,230      | 31,519,466             | (13,189)    | (13,189)                |
|                      | Fix receive/Fix Pay | 149,593         | 137,750                | 4,349       | 4,349                   |
| Options              | Sold                | 9,144,409       | 5,836,780              | (64,593)    | (64,593)                |
|                      | Bought              | 9,476,903       | 5,875,857              | 68,092      | 68,092                  |
| Total                |                     |                 |                        |             | 428,650                 |

Notes 1 The above transactions are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of

Derivatives transactions being designated as hedging items are excluded from the above table.

2 Fair values of listed instruments are measured at the closing prices on the Tokyo International Financial Futures Exchange and others. Fair values of over-the-counter transactions are calculated by the discounted value of future cash flows or option pricing models.

## (2) Currency-Related Transactions

(in millions of Yen)

| Type of Transactions |        | March 31, 2003  |                        |            |                         |
|----------------------|--------|-----------------|------------------------|------------|-------------------------|
|                      |        | Contract Amount |                        | Fair Value | Revaluation Gain (Loss) |
|                      |        |                 | Maturity over One Year |            |                         |
| Over the Counter     |        |                 |                        |            |                         |
| Currency Swaps       |        | 19,455,734      | 12,610,653             | (134,626)  | (163,955)               |
| Others               | Sold   | -               | -                      | -          | -                       |
|                      | Bought | -               | -                      | -          | -                       |
| Total                |        |                 |                        |            | (163,955)               |

Notes 1 The above transactions are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of

Derivatives transactions being designated as hedging items and the following transactions described in Note 3 are excluded from above table.

2 Fair values of transactions are calculated by the discounted value of future cash flows

3 Currency Swap Transactions which adopt accrual accounting in accordance with "Tentative Accounting and Auditing Treatment relating to Adoption of 'Accounting for Foreign Currency Transaction' for Banks" (JICPA Industry Audit Committee Report No. 20) or "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry"(JICPA Industry Audit Committee Report No.25), are excluded from the above table.

Currency Swap transactions which are accounted by the accrual method are as follows:

(in millions of Yen)

| Type of Transactions | March 31, 2003  |            |                       |
|----------------------|-----------------|------------|-----------------------|
|                      | Contract Amount | Fair Value | Unrealized Gain(Loss) |
| Currency Swaps       | 370,040         | 1,893      | (1,622)               |

Similarly, the following currency related derivatives transactions (Forwards, options, etc.) are excluded from the above table.

- Transactions which are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of Operations.
- Transactions which are specified for certain financial assets and liabilities denominated in foreign currencies and reflected on the Consolidated Balance Sheet
- Transactions denominated in foreign currencies which are eliminated in consolidation

Currency related derivatives stated at fair value are as follows:

(in millions of Yen)

| Type of Transactions |        | March 31, 2003  |  |
|----------------------|--------|-----------------|--|
|                      |        | Contract Amount |  |
| Listed               |        |                 |  |
| Futures              | Sold   | 2,644           |  |
|                      | Bought | 3,173           |  |
| Over the Counter     |        |                 |  |
| Forwards             | Sold   | 13,474,009      |  |
|                      | Bought | 17,495,358      |  |
| Options              | Sold   | 4,065,115       |  |
|                      | Bought | 4,124,246       |  |



(Derivatives) - Current fiscal year

(3) Stock-Related Transactions

(in millions of Yen)

| Type of Transactions |        |        | March 31, 2003  |       |            |                         |
|----------------------|--------|--------|-----------------|-------|------------|-------------------------|
|                      |        |        | Contract Amount |       | Fair Value | Revaluation Gain (Loss) |
|                      |        |        |                 |       |            |                         |
| Listed               |        |        |                 |       |            |                         |
| Index Futures        | Sold   | 61,583 | -               | 1,641 | 1,641      |                         |
|                      | Bought | 3,170  | -               | (105) | (105)      |                         |
| Index Options        | Sold   | 17,671 | -               | 256   | (0)        |                         |
|                      | Bought | 50,796 | -               | 390   | 33         |                         |
| Over the Counter     |        |        |                 |       |            |                         |
| Options              | Sold   | 40,095 | 2,081           | 1,664 | 116        |                         |
|                      | Bought | 74,223 | 6,893           | 3,527 | (938)      |                         |
| Forward              | Sold   | -      | -               | -     | -          |                         |
|                      | Bought | 2,233  | -               | (142) | (142)      |                         |
| Total                |        |        |                 |       | 604        |                         |

Notes 1 The above transactions are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of Operations.

Derivatives transactions being designated as hedging items are excluded from the above table.

2 Fair values of listed instruments are measured at the closing prices on the Tokyo Stock Exchange and others. Fair values of over-the-counter transactions are calculated by the discounted value of future cash flows or option pricing models.

(4) Bond-Related Transactions

(in millions of Yen)

| Type of Transactions |                        |         | (in millions of Yen) |       |            |                         |
|----------------------|------------------------|---------|----------------------|-------|------------|-------------------------|
|                      |                        |         | March 31, 2003       |       |            |                         |
|                      |                        |         | Contract Amount      |       | Fair Value | Revaluation Gain (Loss) |
|                      | Maturity over One Year |         |                      |       |            |                         |
| Listed               |                        |         |                      |       |            |                         |
| Index Futures        | Sold                   | 624,250 | -                    | (503) | (503)      |                         |
|                      | Bought                 | 852,153 | -                    | 3,293 | 3,293      |                         |
| Futures Options      | Sold                   | 173,073 | -                    | 409   | 164        |                         |
|                      | Bought                 | 133,577 | -                    | 465   | (129)      |                         |
| Over the Counter     |                        |         |                      |       |            |                         |
| Options              | Sold                   | 31,513  | -                    | 114   | 41         |                         |
|                      | Bought                 | 68,548  | 707                  | 563   | 144        |                         |
| Total                |                        |         |                      |       |            | 3,011                   |

Notes 1 The above transactions are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of Operations.

Derivatives transactions being designated as hedging items are excluded from the above table.

2 Fair values of listed instruments are measured at the closing prices on the Tokyo Stock Exchange and others. Fair values of over-the-counter transactions are calculated by the discounted value of future cash flows or option pricing models.

(Derivatives) - Current fiscal year

(5) Commodity-Related Transactions

(in millions of Yen)

| Type of Transactions |                        |         | (in millions of Yen) |       |            |                         |
|----------------------|------------------------|---------|----------------------|-------|------------|-------------------------|
|                      |                        |         | March 31, 2003       |       |            |                         |
|                      |                        |         | Contract Amount      |       | Fair Value | Revaluation Gain (Loss) |
|                      | Maturity over One Year |         |                      |       |            |                         |
| Over the Counter     |                        |         |                      |       |            |                         |
| Options              | Sold                   | 131,197 | 77,335               | 6,174 | 1,779      |                         |
|                      | Bought                 | 131,197 | 77,335               | 3,607 | 1,004      |                         |
| Total                |                        |         |                      |       |            | 2,784                   |

Note 1 The above transactions are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of Operations.

Derivatives transactions being designated as hedging items are excluded from the above table.

2 Fair values of above transactions are calculated depending on the factors of the contracts such as prices, terms and others.

3 Underlying commodities are Oil, Copper and Aluminum

(6) Credit Derivatives Transactions

(in millions of Yen)

|                      |                    |      | (in millions of Yen)   |         |            |                         |
|----------------------|--------------------|------|------------------------|---------|------------|-------------------------|
| Type of Transactions |                    |      | March 31, 2003         |         |            |                         |
|                      |                    |      | Contract Amount        |         | Fair Value | Revaluation Gain (Loss) |
|                      |                    |      | Maturity over One Year |         |            |                         |
| Over the Counter     |                    |      |                        |         |            |                         |
|                      | Credit Derivatives | Sold | 522,621                | 514,958 | 84,572     | 84,572                  |
| Total                |                    |      |                        |         |            | 84,572                  |

Note 1 The above transactions are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of Operations.

Derivatives transactions being designated as hedging items are excluded from the above table.

2 Fair values of above transactions are calculated depending on the factors of the contracts such as prices, terms and others.

(7) Weather Derivatives Transactions

(in millions of Yen)

| Type of Transactions             |        |     | (in millions of Yen) |   |            |                         |
|----------------------------------|--------|-----|----------------------|---|------------|-------------------------|
|                                  |        |     | March 31, 2003       |   |            |                         |
|                                  |        |     | Contract Amount      |   | Fair Value | Revaluation Gain (Loss) |
| Maturity over One Year           |        |     |                      |   |            |                         |
| Over the Counter                 |        |     |                      |   |            |                         |
| Weather Derivatives<br>(Options) | Sold   | 166 | -                    | 8 | (2)        |                         |
|                                  | Bought | 166 | -                    | 7 | 5          |                         |
| Total                            |        |     |                      |   | 2          |                         |

Note 1 The above transactions are valued by the mark-to-market method and revaluation gains/losses are recorded in the Consolidated Statement of Operations.

2 Fair values of above transactions are calculated depending on the factors of the contracts such as prices, terms and others.

3 Transactions are related to precipitation and others.

## Related Party Transactions

There are no relevant transactions with related parties to report for this fiscal year.