



Mizuho Financial Group

2001

Mizuho Holdings, Inc.

Annual Report

(April 2000~March 2001)

No.1 Financial

The Mizuho Financial Group is an innovative financial group that will lead the new era through cutting-edge comprehensive financial services.

DKB

Fuji Bank

IBJ

Mizuho Securities

Mizuho Trust & Banking

BASIC PRINCIPLES OF THE CONSOLIDATION

We will create a new financial services group that will lead the 21st century based on the following five basic principles:

- Offer a wide range of the highest-quality financial services to our customers.
- Maximize shareholder value and, as the leader of Japan's financial services industry, earn the trust of society at large.
- Offer attractive and rewarding job opportunities for employees.
- Fully utilize the advantages and strengths of each bank and maximize the benefits of the consolidation through cost reductions.
- Create a new corporate climate and culture.

Group Name:

Mizuho Financial Group ("MHFG")

Holding Company Name: Mizuho Holdings, Inc. ("MHHD")

Meaning:

In Japanese, *mizuho* (瑞穂) means "fresh harvest of rice," and the phrase "*mizuho* country"—meaning "fruitful country"—is used to refer poetically to Japan.

Reason for Selection:

The name "Mizuho" expresses the commitment of MHFG, as Japan's leading financial institution, to offer highly "fruitful" products and services to all of its customers, both domestic and overseas.

We feel that the youthful and energetic image of freshness projected by this name is perfectly suited for the new corporate culture of MHFG, and that it is a name with which everyone can easily become familiar.

The Mizuho Logo:

The logo is the combination of the initial letter "M" of "Mizuho" and a deep blue arc. The "M" appears to be in dynamic motion, expressing liveliness and action, while the deep-blue arc depicts the earth. The colors used in the logo also have a special meaning—the bright red highlighting passion, action and dynamism and the deep blue highlighting reliability and stability.



No.1 Financial Group MIZUHO

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

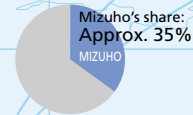


Supporting the financial needs of households

- Approx. ¥34.2 trillion in personal assets under management (No. 1 in Japan)
- Approx. ¥8.4 trillion in residential housing loan portfolio (No. 1 in Japan)
- Approx. 420,000 subscribers of Internet banking services (top among Japanese banks)
- Approx. 35% share of total debit card sales by affiliated merchants (No. 1 among Japanese banks)

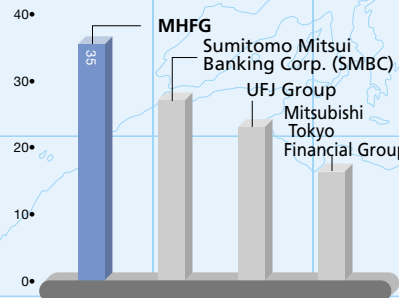
(All figures are the aggregate of three banks as of March 31, 2001.)

Total Debit Card Sales by Affiliated Merchants
(Sales in fiscal 2000: ¥191 billion)



Loans to Small and Medium-Sized Enterprises

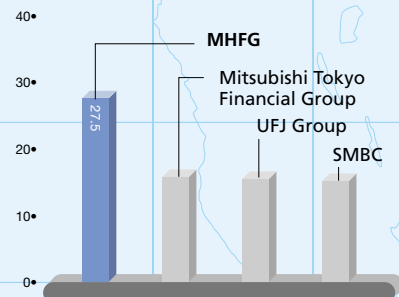
(As of March 31, 2001) (trillion yen)



Source: Preliminary financial results for fiscal 2000 (comparison of outstanding loans to small and medium-sized enterprises after subtracting outstanding consumer loans). Researched by Mizuho Holdings.

Loans to Large Corporations

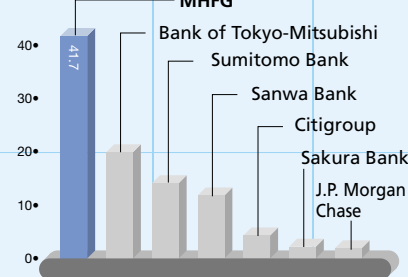
(As of March 31, 2001) (trillion yen)



Source: Preliminary financial results for fiscal 2000. Researched by Mizuho Holdings.

Domestic Syndicated Loan Arrangements

(Fiscal 2000) (billion U.S. dollars)



Source: IFR Securities Data.



Supporting the financial needs of corporations

- ¥35 trillion in loans to small and medium-sized enterprises (No. 1 in Japan) (aggregate of three banks as of March 31, 2001)
- ¥27.5 trillion in loans to large corporations (No. 1 in Japan) (aggregate of three banks as of March 31, 2001)
- US\$41.7 billion (40% share) in arrangement of domestic syndicated loans (No. 1 in Japan) (fiscal 2001)
- Transactions with 1,170 financial institutions (No. 1 in Japan) (aggregate of three banks as of March 31, 2001)
- Mizuho Securities: No. 1 (21% share) in value in lead management of domestic straight bond issues for institutional investors (excluding city bank SBs, etc.) (October 2000~March 2001)
- Mizuho Securities: No. 1 (45% share) in value of domestic asset-backed securities issues in which it acted as lead manager (October 2000~March 2001)
- Ranked 7th in M&A advisory banking transactions involving purchases of Japanese companies (based on transaction value; from research by Thomson Corporation, Japan) (January~December 2000)
- Top-class Japanese bank in firm banking, with contracts with approx. 84,000 companies (aggregate of three banks as of March 31, 2001)

Domestic SB League Table
(Wholesale bonds, excluding city bank SBs, etc.)
(Second half, fiscal 2000)
Lead Management Issues
Total issues: ¥2,097.0 billion

| Ranking | Securities company | Lead management issues (¥ billions) | Market share (%) |
|---------|-----------------------------|-------------------------------------|------------------|
| 1 | Mizuho Securities | 452.0 | 21.55 |
| 2 | Nomura Securities | 383.3 | 18.28 |
| 3 | Nikko Salomon Smith Barney | 311.7 | 14.86 |
| 4 | Daiwa Securities SMBC | 233.3 | 11.13 |
| 5 | Morgan Stanley Dean Witter | 155.0 | 7.39 |
| 6 | Sakura Securities | 146.5 | 6.99 |
| 7 | Tokyo-Mitsubishi Securities | 133.3 | 6.36 |
| 8 | Merrill Lynch | 93.3 | 4.45 |
| 9 | Kokusai Securities | 40.0 | 1.91 |
| 10 | Shinko Securities | 36.0 | 1.72 |

Source: Mizuho Securities research.

Domestic ABS League Table
(Second half, fiscal 2000)
Lead Management Issues
Total issues: ¥309.1 billion

| Ranking | Securities company | Lead management issues (¥ billions) | Market share (%) |
|---------|--|-------------------------------------|------------------|
| 1 | Mizuho Securities | 140.5 | 45.46 |
| 2 | Sanwa Securities | 32.9 | 10.65 |
| 3 | Deutsche Securities | 29.4 | 9.51 |
| 4 | Daiwa Securities SMBC | 25.9 | 8.38 |
| 5 | BNP Paribas | 19.2 | 6.21 |
| 6 | Goldman Sachs | 16.7 | 5.39 |
| 7 | CSFB | 16.7 | 5.39 |
| 8 | Tokai International Securities Co., Ltd. | 16.2 | 5.25 |
| 9 | Nikko Salomon Smith Barney | 10.5 | 3.40 |
| 10 | J.P. Morgan Securities | 1.1 | 0.36 |

Source: Mizuho Securities research.



Supporting Global Business

- 70% coverage of Fortune 500 companies
- US\$70.7 billion in arrangement of global syndicated loans (No. 1 among Japanese banks) (January~December 2000)
- US\$1.9 billion in arrangement of global project finance (No. 1 among Japanese banks) (January~December 2000)
- No. 1 Japanese bank (Approx. 32% share) in foreign exchange/yen clearance services (as of September 30, 2000)
- No. 1 Japanese bank (Approx. 45% share) in yen custody services for foreign institutional investors (as of September 30, 2000)

Global Syndicated Loan Arrangers

(Amounts arranged, January 1~December 31, 2000)

| Ranking | Amount (US\$ million) |
|---------|------------------------------------|
| 1 | JP Morgan 305,202.59 |
| 2 | Bank of America 299,576.03 |
| 3 | Citibank/SSB 225,739.05 |
| 4 | Barclays 115,782.74 |
| 5 | Deutsche Bank 87,994.16 |
| 6 | BancOne 81,617.35 |
| 7 | ABN AMRO 76,381.92 |
| 8 | MHFG 70,731.70 |
| 9 | CSFB 51,708.89 |
| 10 | HSBC 46,433.24 |
| 11 | FleetBoston 44,929.89 |
| 12 | BNP Paribas 41,427.00 |
| 13 | Societe Generale 41,424.85 |
| 14 | First Union 34,655.90 |
| 15 | Commerzbank 32,921.27 |
| 16 | Bank of Tokyo-Mitsubishi 32,130.23 |
| 17 | RBS 31,798.41 |
| 18 | Dresdner KB 30,379.32 |
| 19 | UBS Warburg 28,505.08 |
| 20 | Goldman Sachs 27,473.55 |

Source: IFR.

Global Project Finance Arrangers

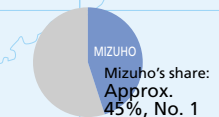
(Results for January 1~December 31, 2000)

| Ranking | Amount (US\$ million) | No. of Deals |
|---------|----------------------------------|--------------|
| 1 | Citigroup 11,927 | 51 |
| 2 | Societe Generale 9,616 | 30 |
| 3 | Bank of America Securities 9,370 | 33 |
| 4 | ABN AMRO 7,875 | 31 |
| 5 | JP Morgan 7,472 | 24 |
| 6 | CSFB 6,719 | 10 |
| 7 | WestLB 6,716 | 37 |
| 8 | Deutsche Bank AG 6,487 | 22 |
| 9 | BNP Paribas 3,712 | 24 |
| 10 | Barclays Capital 3,423 | 23 |
| 11 | Dresdner KB 3,155 | 24 |
| 12 | Merrill Lynch 2,631 | 4 |
| 13 | Bank of Nova Scotia 2,165 | 6 |
| 14 | MHFG 1,976 | 14 |
| 15 | Goldman Sachs 1,832 | 3 |
| 16 | HSBC 1,464 | 1 |
| 17 | Credit Lyonnais 1,339 | 9 |
| 18 | Bank of Tokyo-Mitsubishi 1,272 | 7 |
| 19 | Abbey National 1,200 | 7 |
| 20 | Bank of Montreal 1,040 | 5 |

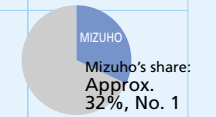
Source: PFI.

Custody and Foreign Exchange Agency Settlements

Yen custody assets of foreign investors (Sept. 2000)



Number of foreign exchange agency settlement customers (Sept. 2000)



*Aggregate totals of the three banks are calculated based on the non-consolidated figures of Dai-ichi Kangyo Bank, Fuji Bank and Industrial Bank of Japan.

Group MIZUHO

The Mizuho Financial Group is a top financial institution that supports the Japanese economy.

No. 1 in Consolidated Total Assets

¥163.4 trillion

No. 1 in Consolidated Net Income

¥211.2 billion

■ Supporting the financial needs of households

No. 1 in personal assets under management

approx. ¥34.2 trillion

No. 1 in residential housing loan portfolio

approx. ¥8.4 trillion

■ Supporting the financial needs of corporations

No. 1 in loans to small and medium-sized enterprises

¥35 trillion

No. 1 in loans to large corporations

¥27.5 trillion

No. 1 in arrangement of domestic syndicated loans

US\$41.7 billion

■ Supporting global business

No. 1 Japanese bank as global syndicated loan arranger

US\$70.7 billion

No. 1 Japanese bank in share of yen custody for foreign institutional investors approx. 45%

Financial Highlights (Consolidated)

Mizuho Holdings, Inc.

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| | Fiscal 2000 | Fiscal 2000 |
| For the Fiscal Year ended March 31, 2001 | | |
| Total Income | ¥ 5,913,742 | \$ 47,729,963 |
| Total Expenses | 5,433,665 | 43,855,248 |
| Income before Income Taxes and Minority Interests | 480,077 | 3,874,715 |
| Net Income | 211,260 | 1,705,087 |
| Cash Dividends | 43,407 | 350,341 |

| | Millions of yen | Thousands of U.S. dollars |
|----------------------------|-----------------|---------------------------|
| | 2001 | 2001 |
| At March 31, 2001 | | |
| Total Assets | ¥163,455,480 | \$1,319,253,271 |
| Securities | 28,062,563 | 226,493,654 |
| Loans and Bills Discounted | 92,286,772 | 744,848,850 |
| Deposits | 80,176,482 | 647,106,400 |
| Total Shareholders' Equity | 6,254,270 | 50,478,376 |

| | Yen | U.S. dollars |
|---|-------------|--------------|
| | Fiscal 2000 | Fiscal 2000 |
| For the Fiscal Year ended March 31, 2001 | | |
| Per Share | | |
| Net Income | ¥20,524.13 | \$165.65 |
| Cash Dividends: | | |
| Common Shares | 7,000 | 56.50 |
| Preferred Shares: | | |
| First Series Class I Preferred Shares | 22,500 | 181.60 |
| Second Series Class II Preferred Shares | 8,200 | 66.18 |
| Third Series Class III Preferred Shares | 14,000 | 112.99 |
| Fourth Series Class IV Preferred Shares | 47,600 | 384.18 |
| Fifth Series Class V Preferred Shares | 7,500 | 60.53 |
| Sixth Series Class VI Preferred Shares | 42,000 | 338.98 |
| Seventh Series Class VII Preferred Shares | 11,000 | 88.78 |
| Eighth Series Class VIII Preferred Shares | 8,000 | 64.57 |
| Ninth Series Class IX Preferred Shares | 17,500 | 141.24 |
| Tenth Series Class X Preferred Shares | 5,380 | 43.42 |

| | | |
|--|--|--------|
| At March 31, 2001 | | |
| Capital Adequacy | | |
| Risk-based Capital Ratio (BIS Capital Ratio) | | 11.39% |

Mizuho Holdings, Inc.

Annual Report 2001

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A Message from the Management



From left: Masao Nishimura, Chairman & Co-CEO,
Katsuyuki Sugita, President & Co-CEO,
Yoshiro Yamamoto, Chairman & Co-CEO

Facing the Challenges of Creating a Business Model for the 21st Century

We would like to start by thanking our shareholders and customers for your continued support. The following sections of this annual report are designed to deepen the understanding of the Mizuho Financial Group by introducing our policies and undertakings.

■ THE LAUNCHING OF MHFG

The economic situation in fiscal 2000 was influenced to a considerable extent by events in the U.S. economy, which decelerated sharply from the second half of the year after several years of sustained expansion.

While there was growing concern that this might cause an economic downturn in certain parts of Asia, the recovery trend in Europe continued to be firm overall. In Japan, although corporate plant and equipment investment continued to underpin the economy, personal consumption stayed stagnant, and, combined with the tapering off of growth in exports, the domestic economic recovery remained weak.

In the financial sector, the Japanese “Big Bang” reforms have made steady progress, and the authorities have taken steps to promote further integration of financial regulators. There was also real progress in the realignment of the financial sector as consolidations and alliances among financial institutions gathered momentum, while competition intensified as new players from outside the financial sector began to enter the market.

Against this backdrop, The Dai-ichi Kangyo Bank, Limited (“DKB”), The Fuji Bank, Limited (“Fuji Bank”) and The Industrial Bank of Japan, Limited (“IBJ”) carried out a stock-for-stock exchange to establish Mizuho Holdings, Inc. (“MHHD”) on September 29, 2000. This event marked the inauguration of the Mizuho Financial Group (“MHFG”) and put the three banks firmly at the vanguard of financial industry consolidation.

Following this, by merging the subsidiaries of the three banks, Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. were established on October 1, 2000.

■ MANAGEMENT STRUCTURE OF MHFG

In MHHD, we established a Business Unit (“BU”) structure based on customer segments and business lines that operates across the three banks. The holding company’s role is to maximize the synergies arising from within the entire group through group-wide strategic planning and management and risk management systems centered on the five core subsidiaries.

In fiscal 2000, we moved ahead with measures to streamline our management infrastructure with a view to manage and administer the group as a whole. More specifically, we built a BU-based profit management system that aims to optimize our business portfolio and maximize profits. We continued to work on strengthening and enhancing our various internal management systems in line with our basic policies on group risk management, compliance and internal audit.

With respect to human resources, we are building a system that is better suited to the new era. Its main features are the deployment of the right people to the right jobs, and an emphasis on fair evaluation and treatment according to duties and performance, as well as specialization. Its objective is to enable each employee to give full rein to his or her abilities in providing a speedy and appropriate response to customers’ requirements.

■ MAXIMIZING THE SYNERGIES ARISING FROM THE CONSOLIDATION

MHFG’s plan to become an innovative financial services group that will lead the new era through cutting-edge comprehensive financial services is based on exploiting to the full its enormous financial strengths, which are backed by a powerful customer base and state-of-the-art financial technology (“FT”) and information technology (“IT”).

The following sections cover the principal measures we took toward realizing this plan during fiscal 2000.

In the area of consumer banking, the three banks launched a joint credit card called the Mizuho UC Card in September 2000. They also started selling the Mizuho Fund Collection of investment trusts in October 2000 as part of their efforts to satisfy customers’ investment needs. During the same month, DKB and Fuji Bank launched a range of unsecured loan products in the high-demand areas of loans for house remodeling, new car purchases and education. Following the partial removal of the ban on sales of insurance products by banks, they also started selling long-term fire insurance policies associated with housing loans.

A Message from the Management

In the area of corporate banking, the three banks established the Mizuho Venture Fund in May 2000, and are now focusing on identifying and supporting the new businesses, venture companies and technologically advanced firms that will play a leading role in the 21st century.

We also used our advanced FT, resulting in the group posting solid gains in asset securitization, project finance and advisory services associated with M&A. In the area of syndicated loans in particular, we were able to secure an overwhelming share of the total amount handled in the domestic market using our customer base and network of financial institutions, both of which are the largest in Japan. The efforts we have put into the syndication arrangement business overseas have paid off handsomely, securing for us the number one position in Asia in terms of market share and a top ten ranking in terms of global performance.

One of our goals is to develop new joint Internet businesses that transcend traditional business parameters in the area of e-business and other multimedia banking, settlement and clearing services. In line with this, the three banks established the em-town Corporation in September 2000 with the capital participation of numerous cooperating financial institutions and leading companies. We have created and now run an attractive shopping mall offering financial products and services on the Internet. In January 2001, we opened the Fuji Bank "em-town Branch" in this mall. The branch specializes in offering banking services such as deposits, loans and transfers over the Internet.

The three banks' securities and trust banking subsidiaries were respectively merged into Mizuho Securities and Mizuho Trust & Banking in October 2000. We have also made steady progress in consolidating the three banks' overseas securities and trust banking subsidiaries and set up Mizuho International plc in the U.K., Mizuho Bank (Schweiz) AG in Switzerland and Mizuho Trust & Banking (Luxembourg) S.A. Mizuho Securities has already secured for itself a top share as a lead manager in underwriting domestic issues of public straight corporate bonds. In May 2001, the investment banking divisions of the three banks were brought together under Mizuho Securities, which

now aims to exploit the resulting synergies between its securities and investment banking operations. Mizuho Trust & Banking's goal is to become a leading specialist in trust banking for corporations, and it continues its aggressive efforts in the areas of pension trusts, asset management and transfer agency business.

Anticipating further expansion in the market for asset administration services, Mizuho Trust & Banking teamed up with The Asahi Mutual Life Insurance Company, The Dai-ichi Mutual Life Insurance Company, The Fukoku Mutual Life Insurance Company and The Yasuda Mutual Life Insurance Company to establish the Trust & Custody Services Bank, Ltd. in January 2001. The new bank is actively engaged in the master trust and securities management businesses. Also, in September 2000, it combined with the four life insurance companies mentioned above to establish the Defined Contribution Plan Services Co., Ltd. to develop tools for educating policyholders about defined contribution pension plans.

■ BUSINESS RESULTS AND MANAGEMENT ISSUES

Against the background of the severe earnings environment prevailing in fiscal 2000, we endeavored to raise profits by implementing the above-mentioned business plans and maximizing the synergies arising from the consolidation. We also took steps to rationalize management. The main efforts of the three banks were devoted to closing and consolidating business offices in Japan and overseas while giving top priority to customer convenience. This resulted in reductions of 20 domestic branches, four overseas branches and 11 overseas subsidiaries. As for streamlining the workforce, thoroughgoing efforts to improve business efficiency led to staff cuts of over 1,500 employees.

Our efforts to dispose of non-performing loans ("NPLs") focused on making appropriate write-offs and provisions to ensure the soundness of our assets. We also took measures to promote the final disposal of NPLs as a key management issue. As a result, the three banks disposed of ¥695.5 billion in NPLs during the fiscal year.

As a result, ordinary income for fiscal 2000 came to ¥5,756.9 billion, ordinary profits to ¥574.8 billion and net income to ¥211.2 billion on a consolidated basis.

We expect the economic environment to remain severe, while competition is likely to intensify because of the start of competition among the “Big Four” financial groups in Japan and the entry into the financial sector of institutions from overseas and newly emerging competitors from non-financial business sectors.

Against this background, we will continue to offer the best-quality financial services quickly and with precision through a rich variety of channels to meet customers’ ever diversifying, ever more sophisticated needs. In order to achieve the goals of our “Revitalization Plan,” we will devote our full efforts to build a powerful financial structure by boosting profitability and drastically cutting costs.

■ MHFG’S BUSINESS MODEL

Subject to approval from the appropriate regulatory authorities, our operations will be consolidated and reorganized in April 2002. The three banks will be realigned into two banks—Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd.—and along with these two banks, Mizuho Securities and Mizuho Trust & Banking will also become direct subsidiaries of MHFD.

Mizuho Bank’s main customers will be individuals, domestic companies and local governments. Mizuho Corporate Bank will primarily focus on major corporations, financial institutions, national governmental public sector entities and overseas corporations.

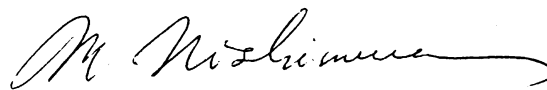
We must be able to provide customers with wide-ranging, highly specialized services worthy of a comprehensive financial services group in the 21st century, and respond speedily and dynamically to the various environmental changes expected in the future. In order to do this, we concluded that the best and most appropriate business model available was a management format whereby legally separate subsidiaries were established under a holding company according to customer segments and business lines.

Our search for the ideal business model has convinced us that this will enable us to create a truly excellent comprehensive financial services group that can respond to the complex and broadly based needs of customers by allowing the legally separate subsidiaries to refine their high-level expertise in accordance with the characteristics of their respective markets and businesses, and ensuring that they use the latest FT and secure highly professional personnel resources.

■ CONCLUSION

We intend to establish our status and brand as a financial group with overwhelming advantages in the Japanese market. We also aim to become a leading Japanese player in global markets and one of the top five financial groups in the world. Since we will continue our sincere efforts to satisfy customers by adhering firmly to our policy of putting the customer first and dedicating the group’s total strengths to providing the best possible financial products and services, we look forward to the continuing support of our shareholders and customers.

July 2001



Masao Nishimura
Chairman & Co-CEO



Yoshiro Yamamoto
Chairman & Co-CEO



Katsuyuki Sugita
President & Co-CEO

Mizuho Holdings' Board of Directors and Executive Officers



Masao Nishimura
Chairman & Co-CEO

Yoshiro Yamamoto
Chairman & Co-CEO

Katsuyuki Sugita
President & Co-CEO



Hiroshi Araki
Director

Masatake Matsuda
Director

Glen S. Fukushima
Director



Tadao Noda
Managing Executive Officer
Head of Strategic Planning Group / Chief Strategy Officer

Tsunehiro Nakayama
Managing Executive Officer
Head of Risk Management Group / Chief Risk Officer

Fumito Ishizaka
Managing Executive Officer
Head of IT, Systems & Operations Group / Chief Information Officer

Masaaki Sato
Managing Executive Officer
Head of Consumer and Private Banking Business Unit

Mitsuru Machida
Managing Executive Officer
Head of Financial Control and Accounting Group / Chief Financial Officer

Makoto Kikkawa
Managing Executive Officer
Head of Human Resources Group / Chief Human Resources Officer

Takashi Goto
Managing Executive Officer
Head of Audit and Compliance Group / Chief Compliance Officer

Takanori Yano
Managing Executive Officer
Head of Small Business & Middle Market Banking Business Unit



Yozo Okumoto
Deputy President

Toshiyuki Ogura
Deputy President

Kuniya Sakai
Deputy President

Kisaburo Ikeda
Deputy President

Toshikuni Nishinohara
Deputy President

Isao Hiraide
Deputy President



Kenji Nakamura
Corporate Auditor

Yoriaki Sakata
Corporate Auditor

Shusai Nagai
Corporate Auditor

Setsuo Umezawa
Corporate Auditor

Yukio Nozaki
Corporate Auditor

Toshiaki Hasegawa
Corporate Auditor



Hiroshi Saito
Managing Executive Officer
*Head of Corporate and Financial
Institutions Banking Business Unit*

Minoru Itosaka
Managing Executive Officer
*Head of International Banking
Business Unit*

Yoneo Sakai
Managing Executive Officer
*Head of e-Business and Global
Transaction Services Business Unit*

Seiji Sugiyama
Managing Executive Officer
*Head of Trust and Asset
Management Business Unit*

Shinji Kubo
Managing Executive Officer
*Head of Public Sector Banking
Business Unit*

Yasuo Tsunemi
Managing Executive Officer
*Head of ALM and Trading Business
Unit*

Mitsunori Kanesaka
Managing Executive Officer
*Head of Securities and Investment
Banking Business Unit*

(As of June 26, 2001)

Mizuho Holdings aims to provide customers and shareholders with various information on MHFG's "value."

▶ **London Stock Exchange Listing**
On March 30, 2001, MHHD became the first Japanese bank holding company to list and trade its common stocks on the London Stock Exchange.

▶ **Investor Relations Briefings on MHHD's Home Page**
Our IR briefings given by members of our top management are available for viewing on the MHFG home page.



○ **Voluntary, Proactive Disclosure**

One of our basic principles is to maximize shareholder value and earn the trust of society at large as the leader of Japan's financial services industry. For this reason, we attach the highest management priority to disclosing to our customers, shareholders and investors in Japan and overseas the information they need to form accurate judgments and appraisals of MHFG's status at any given time.

Since we aim to become one of the top five players in the global financial market, we are committed to fair, timely and ongoing disclosure as a means of achieving levels of management transparency that surpass global standards.

Specifically, we intend to use the following tools to promote further understanding of group activities:

- Company briefings and IR meetings by members of top management.
- More detailed annual reports and publications on group performance.
- Diversification and effective use of disclosure channels such as our Internet Web site, conference calls and Internet conferencing.

○ **Disclosure in Connection with Compliance**

In accordance with the provisions of the Japanese Banking Law, the Securities and Exchange Law and the regulations laid down by stock exchanges in Japan and around the world, we will endeavor to disclose pertinent information in a timely and appropriate manner.

Composition of the Annual Report

This annual report is composed so as to give an overall understanding of the policies and strategies of MHFG and progress in the consolidation, an introduction to its operations, and details of business topics and financial data relating to the five core subsidiaries—DKB, Fuji Bank, IBJ, Mizuho Securities and Mizuho Trust & Banking—in a single volume.



Management Strategy of MIZUHO

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Management Strategy of Mizuho

■ FRAMEWORK OF CONSOLIDATION

On September 29, 2000, The Dai-ichi Kangyo Bank, Limited (“DKB”), The Fuji Bank, Limited (“Fuji Bank”) and The Industrial Bank of Japan, Limited (“IBJ”) (collectively, the “three banks”) established Mizuho Holdings, Inc. (“MHHD”), marking the inauguration of the Mizuho Financial Group (“MHFG”), the first financial services group in Japan to be formed through consolidation under a holding company. On October 1, 2000, the three banks consolidated their respective securities subsidiaries into Mizuho Securities Co., Ltd. (“Mizuho Securities”), and their respective trust subsidiaries into Mizuho Trust & Banking Co., Ltd. (“Mizuho Trust & Banking”).

Subject to receiving approval from the regulatory authorities, MHFG operations will be consolidated and reorganized in April 2002. The three banks will be realigned into two legally separate entities—Mizuho Bank, Ltd. (“Mizuho Bank”) and Mizuho Corporate Bank, Ltd. (“Mizuho Corporate Bank”) (see page 31). With these two banks, Mizuho Securities and Mizuho Trust & Banking will also become direct subsidiaries of MHHD.

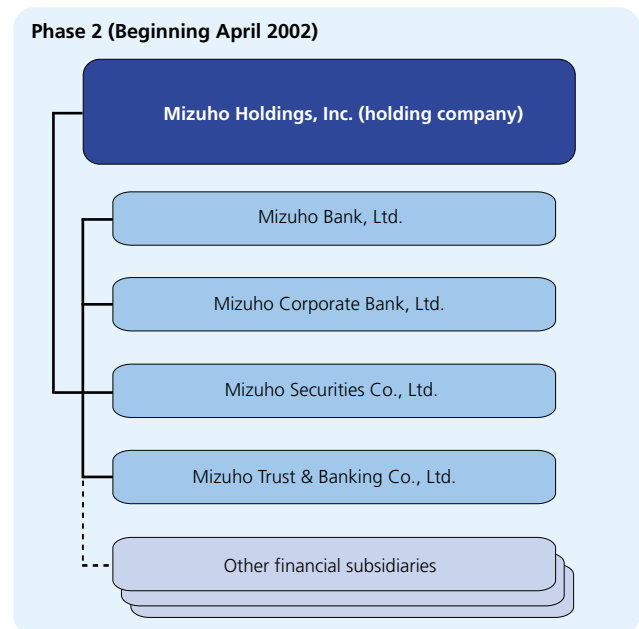
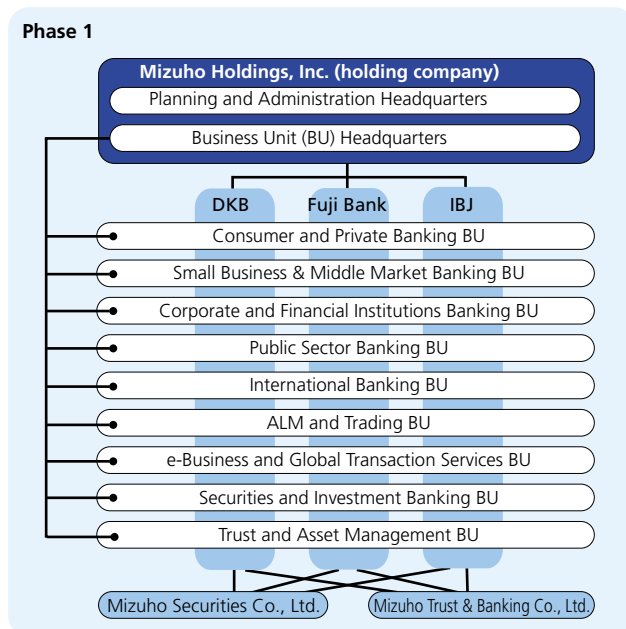
The consolidation process will be carried out in two stages, Phase 1 from September 29, 2000 to the end of March 2002, and Phase 2 from April 2002.

Phase 1

On September 29, 2000, the three banks carried out a stock-for-stock exchange to establish a holding company creating MHFG. MHFG has adopted a Business Unit (“BU”) structure within the holding company to manage the entire group according to customer segments and business lines and operating across the three banks.

Phase 2

Making use of legislative and tax code changes for corporate splits, MHFG will take advantage of the changes to consolidate and reorganize its existing operations. It will realign the three banks into Mizuho Bank and Mizuho Corporate Bank and, together with Mizuho Securities and Mizuho Trust & Banking, manage them as legally separate subsidiaries according to customer segments and business lines.



○ Basic Principles of the Consolidation

As we enter the 21st century, we will create a strong and dynamic financial services group based on the following five basic principles:

- Offer a wide range of the highest-quality financial services to our customers.
- Maximize shareholder value and, as the leader of Japan's financial services industry, earn the trust of society at large.
- Offer attractive and rewarding job opportunities for employees.
- Fully utilize the advantages and strengths of each bank and maximize the benefits of the consolidation through cost reductions.
- Create a new corporate climate and culture.

○ Vision and Management Goals

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

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

○ Business Strategies

Our business strategies are designed to capitalize on the following "three primary strengths" gained through consolidation to construct an optimal group business portfolio that is balanced and leads in each business sector.

- An overwhelming customer base in the domestic market.
- High-quality and comprehensive financial service capabilities.
- Expanded IT investment capability for high-growth areas.

Specifically, we aim to increase our earning power by expanding our high-quality loans and assets under management and increasing fee income, while aggressively striving to create and develop new business sectors.

■ MANAGEMENT STRUCTURE

○ Active Use of the Business Unit Structure

We have adopted a BU structure that operates across the three banks, aligning their operations according to customer segments and business lines under MHHD. MHHD formulates group management policy and manages and administers the group as a whole, while the group's five core subsidiaries (the three banks, Mizuho Securities and Mizuho Trust & Banking) manage their respective operations in accordance with MHHD policy.

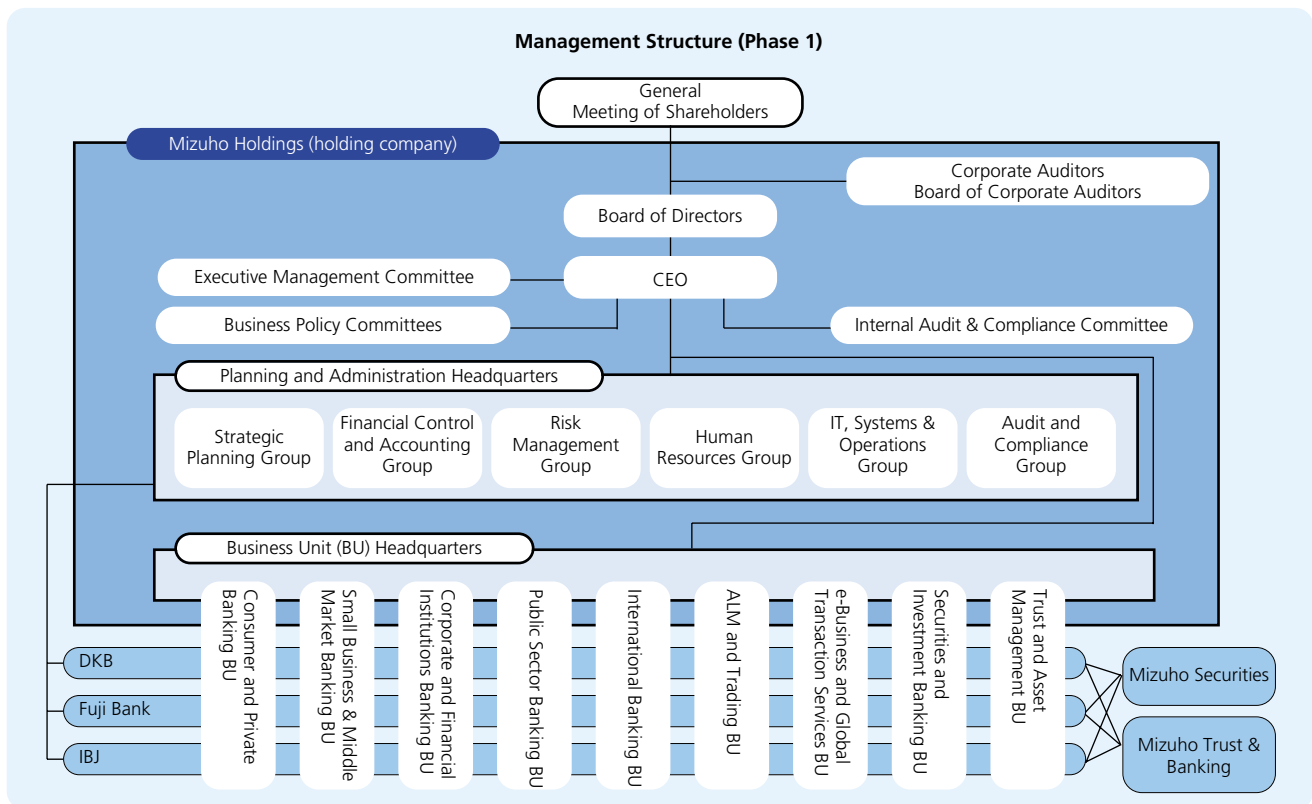
○ Adoption of the Executive Officer Management System

MHHD has adopted an Executive Officer system in order to separate managerial decision-making and execution, and clarify levels of authority and responsibility. The Board of Directors appoints Executive Officers who are responsible for

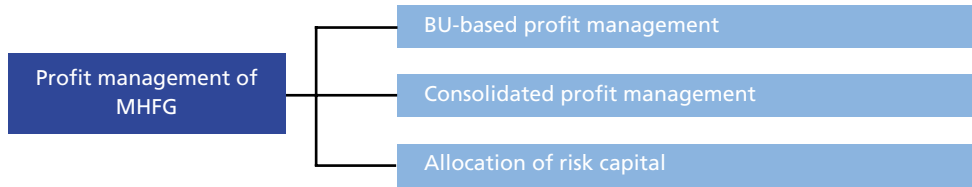
specific Groups and BUs and entrusts them with the execution of duties under the supervision of the Chief Executive Officer. This arrangement encourages Directors to make speedy decisions and Executive Officers to carry out their duties swiftly, ensuring that the group is managed smoothly.

○ Appointment of Outside Directors

To segregate the decision-making and execution functions further and to make the monitoring of performance more effective, we invited three outside directors to join the Board in June 2001. At a time when the scope of group operations is expanding to cope with the diversification and increasing sophistication of customers' financial needs, we believe that the addition of outside directors who bring specialist knowledge and a wealth of experience to the Board of Directors will improve management judgment and strengthen the auditing function.



○ Profit Management System



BU-Based Profit Management

We adopted a basic policy that aims to create a strong financial structure through vigorous measures to increase profitability and cut costs, and manage profit for the group's five core subsidiaries on a BU basis.

More specifically, the following management measures for each of the nine BUs are being implemented:

- Formulation of plans for gross profits, expenses and net business profits, and performance management.
- Allocation of management resources such as personnel, investment, expenses and risk assets.
- Risk control and profitability assessment based on allocation of risk capital.

Through these measures, we seek to optimize our business portfolio and maximize group earnings. Further, each branch, as well as each division responsible for business promotion, of the five core subsidiaries establishes and manages its own profit plan based on the profit plan and resource allocations drawn up by MHHD.

Consolidated Profit Management

We manage the group's profits on a consolidated basis as a means of constructing an optimal business portfolio that is balanced and leads in each business sector.

Specifically, in addition to the group's five core subsidiaries, strategically important subsidiaries have been assigned to specific BUs, each of which draws up and manages profit plans for these subsidiaries.

Allocation of Risk Capital

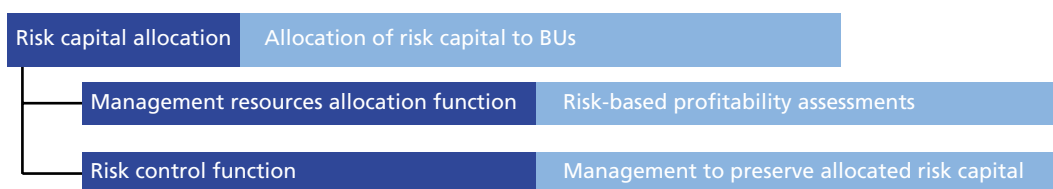
In an environment where the financial sector faces progressive deregulation and globalization, and financial technology grows in sophistication, financial institutions must strengthen their profitability while managing various types of risk. In fiscal 2001, we introduced a management structure under which risk capital drawn from equity capital and other sources is allocated to each BU, which then engages in business activities within the limits of that risk capital.

Under this new framework, RAROC is used as a performance index to evaluate the return on allocated risk capital. We aim to improve capital efficiency by allocating resources more efficiently based on the results of these evaluations.

Glossary

RAROC (Risk-Adjusted Return on Capital)

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



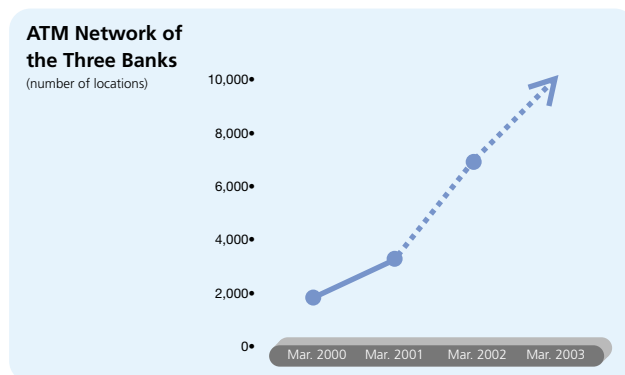
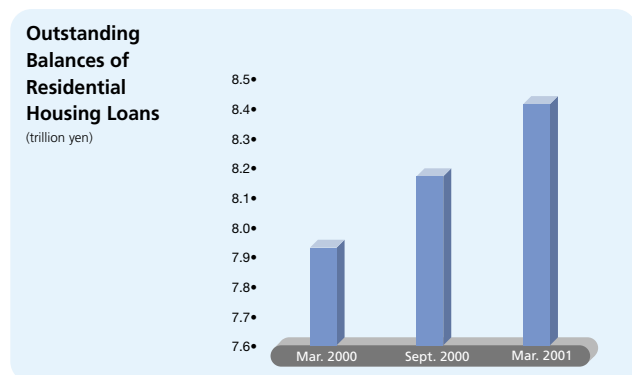
■ BUILDING A ROBUST FINANCIAL STRUCTURE

In addition to the competition between the so-called “Big Four” banking groups in Japan, the rivalry with other domestic and foreign financial institutions, including foreign institutions and newly emerging competitors from other sectors, is intensifying all the more. In order to satisfy customers’ increasingly diverse and complex needs quickly and with precision in such a competitive environment, we must strengthen our earning power and promote cost cutting to build a robust financial structure worthy of a financial institution. Specifically, we have adopted the following measures.

○ Boost Earning Power

Strengthen Domestic Commercial Banking Operations and Powerful Revenue Base

- We will work to increase lending to private and corporate customers by offering ample, high-quality funds to the widest possible customer base, while building up a stable fund-raising mechanism.
- We will strive to raise asset efficiency on loans by ensuring that pricing is properly matched to the credit risks involved.
- We will use IT and other tools to expand our range of convenient, low-cost channels in order to satisfy the diversifying, ever more sophisticated requirements of our customers quickly and precisely.



*Number of locations where CDs and ATMs are situated, including ATMs in convenience stores (E-net and others). The dotted line signifies expected increase.

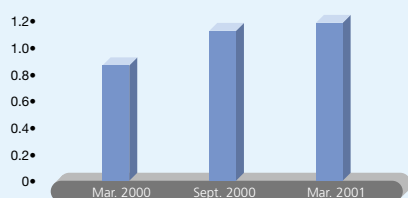
Fusing Enormous Customer Base with Fully Comprehensive Financial Services

- We are devoting a great deal of effort to strengthen our FT and IT to provide corporate customers at home and overseas with various solutions, not just in banking but also in strategic areas like securities, investment banking, asset management and trust banking.
- We are promoting the private banking business through high-quality comprehensive group strengths and expert staff.

Improve Profit Structure and Raise Capital Efficiency through an Increase in Non-Interest Income

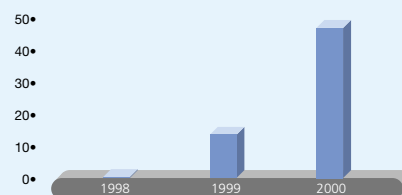
- We have diversified and stabilized our profit structure to raise capital efficiency. In order to achieve this, we worked to increase fee income from various sources such as foreign exchange and settlement-related business, as well as increase earnings in growth sectors such as investment banking, asset management and loan syndications.

Outstanding Balances of Investment Trusts
(trillion yen)



Arrangement of Domestic Syndicated Loans

(billion U.S. dollars)
Mizuho's share: Approx. 47% (Calendar year)

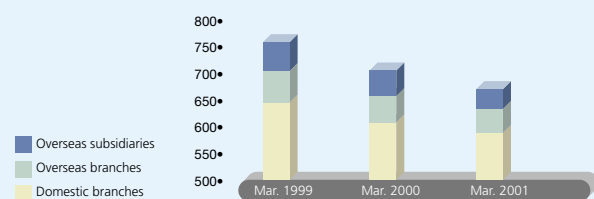


Source: IFR database.

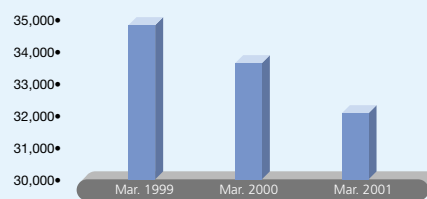
Intensive Group-Wide Drive toward Rationalization and Higher Efficiency

- On the one hand, we are using IT to diversify and reduce the cost of our channels. On the other, we are streamlining domestic and overseas offices while giving top priority to customer convenience.
- We are also working to improve the efficiency of our human resources by thoroughly rationalizing all aspects of management.

Domestic and Overseas Offices



Number of Employees

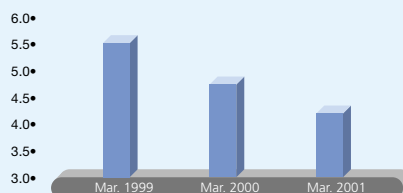


Asset Portfolio Management Approach

- We are striving to improve the health of our assets by carrying out strict assessments and making appropriate write-offs and reserves, as well as promoting the recovery and final disposal of non-performing loans.
- In order to avert price fluctuation risk, we have adopted efficient asset management methods that include sales of cross shareholdings.

Balance of Non-Performing Loans
(Aggregate of Three Banks)

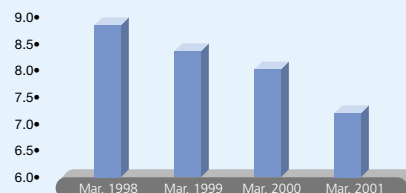
(trillion yen)



*Under Financial Reconstruction Law.

Book Value of Stocks
(Aggregate of Three Banks)

(trillion yen)



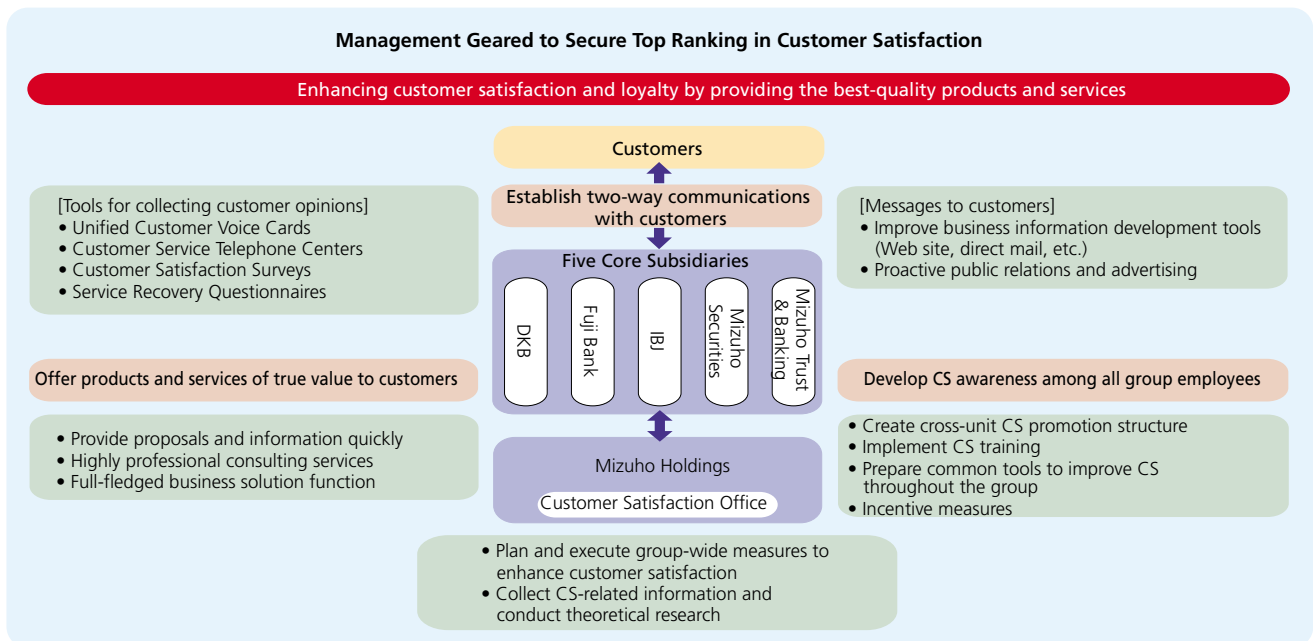
*Stocks of "Other Securities."

■ MEASURES TO ENHANCE CUSTOMER SATISFACTION (“CS”)

○ Management Geared to Becoming “A Top Financial Group in Terms of Customer Satisfaction”

We are working hard to establish the corporate culture of a customer-oriented service business and ensure that employees provide customers with the best available services at all times. As a conduit to this end, we established the Customer Satisfaction Office in MHHD whose goal is to provide timely customer feedback that can be used quickly in product development and service enhancement.

Any expressions of dissatisfaction or criticisms received from our customers are taken very seriously, and every effort is made to provide appropriate solutions rapidly. Going one step further, we regard our customers' views as a management resource, and incorporate them into our efforts to improve management quality throughout the group. To this end, we conduct investigations and analyses to clarify their underlying causes, then feed the results back into the system to devise preventative measures and assist in product development and service improvements.



○ How Three “CSs” Can Engender a Fourth

We are convinced that customer satisfaction based on the “three CSs” outlined below is essential for achieving a fourth CS—Company Success. The objective is to focus the entire

group on improving customer satisfaction and, in preparation for Phase 2 of the consolidation, to prepare common communications tools that can be used in all aspects of customer relations.

- **Customer-centric Sense:**
Nurture a consistent, customer-oriented CS consciousness.
- **Communication System:**
Construct a framework for two-way communications with customers.
- **Customer Strategy:**
Provide valuable products and services through marketing activities.



Company Success
(Corporate prosperity and longevity)

■ TAKING FULL ADVANTAGE OF IT AND FT TO TRANSFORM THE BUSINESS STRUCTURE

As a front-runner in IT and FT, we are using IT to improve the effectiveness and efficiency of our business strategies, establish the “Mizuho e-business model,” and provide business solutions that fully exploit the capabilities of our FT. Through these activities, we will reform our internal business processes, provide high-quality services that anticipate the needs of the times and proactively develop new business models.

○ Using IT to Improve the Effectiveness and Efficiency of Business Strategies

We are concentrating our IT investments on strategically important areas. To this end, we are taking the following steps to create the infrastructure needed to support our business strategies:

- Build customer databases to support market strategies.
- Build global risk measurement systems.
- Build advanced systems to support domestic and overseas trading activities.
- Build an information infrastructure to promote group-wide knowledge management.
- Alter platforms that employ the latest technologies as a means of building a systems infrastructure that offers superior flexibility and cost-competitiveness, thus allowing a more dynamic response to new products and services.

► Proactive Pursuit of Business Model Patents

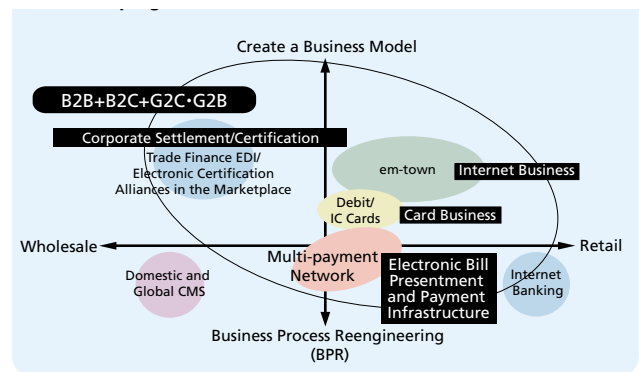
The remarkable progress in IT in recent years has fueled the creation of countless new business models, leading to a rapid increase in the number of applications for business model patents. The finance industry is no exception to this trend, and patent applications for advanced financial business models are on the rise, especially in the United States. We are also proactively applying for business model patents pertaining to fund settlement systems and other areas of electronic commerce.

○ Creating the “Mizuho e-business Model” (B2B, B2C, G2C, G2B)

The creation of a new business model in the field of e-business covers several areas. B2C involves Internet businesses such as our “em-town” (see page 20) and card businesses using IC cards. B2B involves corporate settlement and certification businesses such as trade finance EDI (electronic data interchange) and electronic certification. G2C and G2B involve multi-payment network infrastructures such as electronic bill presentment and payment infrastructure. We are actively engaged in all of these sectors.

○ Business Solutions that Exploit FT Capabilities

In addition to hedges against interest and exchange rate fluctuation risk, there has been an increase in the number of risk hedging methods involving derivatives that utilize FT, including hedging against business risks borne by companies such as product price fluctuation risks and weather-related risks. We are involved in developing high value-added financial products and sophisticated risk assessment and management techniques in areas that require leading-edge FT such as derivatives, structured finance and asset management techniques, as well as credit risk, market risk and integrated risk management. In this way, we can provide finely tuned solutions to customers’ diversified and increasingly sophisticated needs.



Glossary

B2B=Business to Business, **B2C**=Business to Customer, **G2C**=Government to Citizen, **G2B**=Government to Business

■ HIGH-QUALITY, HIGH-VOLUME INFORMATION BASED ON ADVANCED ANALYTICAL CAPABILITIES

The changes affecting social, economic, financial and industrial structures in Japan and around the world are enormous and are occurring at an unprecedented pace. Against this backdrop, our highly specialized, professional research staff conduct independent analyses of high-quality, high-volume information gathered worldwide and support our customers in making rapid and appropriate decisions by providing accurate assessments of their business environment. Our research is characterized by the depth and breadth of its coverage. The coverage, extending to every aspect of the business environment, includes:

- Macro economy and micro economy
- Monetary policy and financial markets
- Financial policy and social policy
- Legislation and taxation

This approach has earned us high praise because it allows accurate and rapid responses to the diversified and increasingly sophisticated needs of customers.

○ Identifying Industry and Corporate Trends and Business Strategy Advisory Services

Our industrial and corporate research section, based on the analysis of the current status, concerns and outlook for each industry, formulates forward-looking scenarios for industrial structures and future business concepts for our customers. Utilizing its analytical expertise and extensive networks, the section also makes the invaluable contribution of providing

our customers with optimal business solutions on such issues as follows:

- Business strategy and formation
- Business portfolio reconstruction
- Shareholder value analysis

○ MHFG's Think Tank Function

Our research and consulting affiliate companies engage in high-quality, practical consulting activities that support solutions to a variety of management issues according to the circumstances of individual corporate customers. They formulate management plans, operational and organizational reforms and human resource policy as well as strengthen the management and control structure. They also respond to diverse customer requirements through advisory services, seminars and membership-based services. Professionals with expertise in various fields provide advice by answering customers' questions concerning matters ranging from taxation and legal problems to management succession and personal tax matters.

○ Mizuho Securities Analysts Win High Ratings from Institutional Investors

As the result of the merger of DKB Securities, Fuji Securities and IBJ Securities, Mizuho Securities analysts have strengthened their analytical capabilities to provide Japanese and overseas institutional investors with valuable information in a timely manner.

Although these analysts have achieved high ratings in polls conducted by leading financial publications, they are proactive in making every effort to expand the depth and breadth of their coverage.

Analyst Ranking Surveys

| Category | Survey Sponsor (Name of ranking) | Announcement date | Overall ranking (ranking among Japanese securities companies) | No. of Mizuho analysts ranked |
|-----------------|---|-------------------|---|-------------------------------|
| Bond Analysts | <i>Nikkei Newsletter on Bonds & Money</i> (popularity survey of bond analysts and economists) | March 2001 | 2nd (1st) | 4 |
| Equity Analysts | <i>The Nikkei Financial Daily</i> (ranking of popular analysts) | April 2001 | 10th (3rd) | 27 |
| | <i>Institutional Investor</i> (All-Japan Research Team) | April 2001 | 11th (3rd) | 4 |



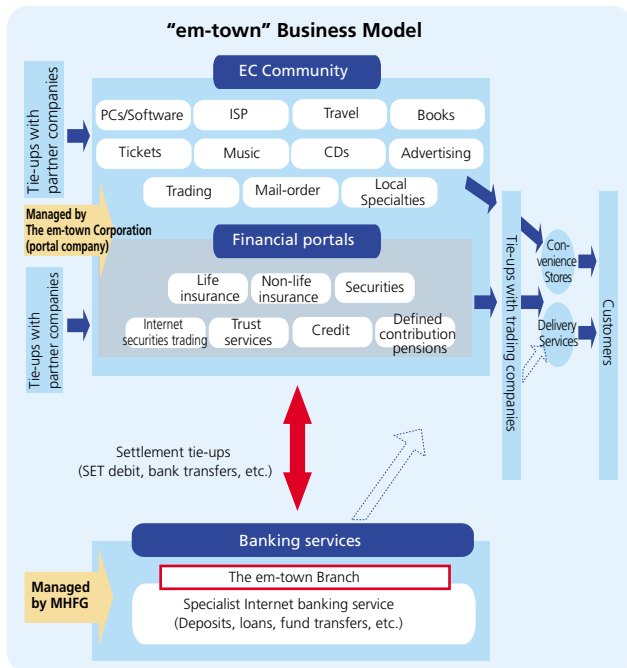
Consolidation Synergy of MIZUHO

Chapter 2

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Consolidation Synergy of MIZUHO



DEVELOPMENT OF THE "em-town" BUSINESS

em-town (<http://www.em-town.com>) is an Internet banking/shopping town managed and operated by The em-town Corporation, a portal company, which was established with investment from 47 partner companies from a wide range of industries under the leadership of MHFG.

► **The combination of a financial portal, EC Community and exclusive Internet banking services is an epoch-making attempt at developing e-business unseen even in the U.S. or Europe.**

The em-town virtual shopping mall accommodates financial institutions and around 70 merchants, including a wide range of manufacturers, distributors, retailers and travel agents. The choice ranges from financial products such as deposits, loans, insurance and securities to a variety of consumer goods, including gourmet foods, fashion goods and furnishings, electrical appliances, sporting goods, travel services, books and games. Customers can pay for their purchases through Internet banking at Fuji Bank's exclusive online em-town Branch (<http://www.em-town-bank.com>) or other Internet banking services of MHFG. These services support one-stop shopping using online debit settlements as well as credit transactions and fund transfers. In addition, the em-town Branch offers a full range of banking services similar to those available at conventional branches, including deposits, loans and investment trusts.



em-town Cash Card

The card can be used in automated teller machines and cash dispensers of financial institutions at 60,000 locations in Japan. Overseas, it can be used in automated teller machines displaying the mark in over 100 countries.



My em-town Site

► **em-town uses advanced IT to set new standards in content and usability.**

Users who register as em-town members access the service via a members-only site called "My em-town." This site can be configured to provide personalized information based on data previously registered by each user. One of the many unique services offered by MHFG is money planning and analysis tailored to personal life plans. Simply by entering the necessary information, the user can obtain a range of analyses, including future cash flow simulations, readouts of current asset portfolios, and insurance and pension simulations.

Of course, the privacy of every customer's personal and financial information is carefully protected. Thanks to the use of powerful SSL 128-bit encryption, the level of security throughout the em-town complex is extremely high.



Cash Flow Simulations

Based on the financial advisory expertise of the three banks, the system features a wide array of menus, including cash flow simulations.

The Making of em-town

The unique concepts used in the development and operation of em-town represent a radical departure from earlier B2C business models. The following section covers them in more detail.

► **The most important feature of em-town is its business model, which differs totally from Web services developed by banks in the past.**

The development of em-town was guided by an awareness that a business model based on pure Internet banking is not necessarily the most efficient and logical approach. Setting up a new exclusive Internet bank and building the systems necessary to ensure that it delivers full-banking functions would take an enormous amount of time and money. We, therefore, adopted the “exclusive Internet branch” concept rather than the “exclusive Internet bank” concept because it allows us to use existing systems and know-how with maximum efficiency and effectiveness. Moreover, we believed that running an all-round portal site that offers a shopping mall, as well as banking functions, would enable us to answer a wider range of customer needs. Carrying out joint marketing activities together with our partners also delivers greater efficiency and effectiveness in terms of cost and speed. Our em-town operations are thus designed to pass on the benefits of cost reductions to customers to the maximum extent possible.

► **The time actually spent preparing for starting up em-town was just four months. Looking ahead, em-town will continue to change. This ability to evolve through rapid adaptation to the changing needs of the times is one of the concept’s greatest strengths.**

From the establishment of The em-town Corporation on September 20, 2000 to the start-up of the em-town site on January 31, 2001 took just 132 days. During that time, the business model was finalized, systems were designed and built, and contents developed. Of course, this achievement would not have been possible without the cooperation of partner companies, especially partners in the high-tech industry. We believe it is essential to be able to act quickly in the Internet era. At em-town, the emphasis is on menus that offer users higher value-added, and on the continuous availability of services. Our commitment to improve services is clearly demonstrated by em-town’s user-friendly screens. Another characteristic is the promotion of innovative marketing methods such as the em-town auction system with its highly original content. em-town will continue to set new standards in service innovation.



“The challenge that we face every day is to develop a new frontier in customer communications. What we are doing is beyond the experience of conventional banks.”

—Junko Watanabe, General Manager, em-town Branch

► **The em-town Branch is accessed by customers who represent a completely different group from traditional users of Internet banking services.**

It used to be that Internet banking was used mainly by businessmen in their 30s and 40s. The em-town Branch has attracted customers across a much wider range of age-groups. Increasingly, people in areas where there are no MHFG branches are establishing accounts in the em-town Branch. Under the leadership of the branch manager, the expert staff respond to a wide range of customer inquiries by e-mail and telephone. In the world of the Internet, there is a tendency for businesses to lose sight of their customers due to excessive reliance on impersonal systems. The em-town Branch aims to strengthen one-to-one communications with its customers by providing personal services that add a touch of reality to this virtual environment.



Announcing em-town at a press conference



“em-town’s mission is to offer customers services that provide genuine value. We have achieved this goal by building alliances with a wide range of partner companies.”

—Tadasbi Katagiri, President, The em-town Corporation

■ STRATEGY FOR THE NEW BUSINESS ENVIRONMENT

○ Joint Asset Services Business, Including Master Trust Operations

Trust & Custody Services Bank, Ltd., established in January 2001, starts operations.

Establishment of Trust & Custody Services Bank

The three banks of MHFG and Mizuho Trust & Banking, along with four life insurance companies (The Asahi Mutual Life Insurance Company, The Dai-ichi Mutual Life Insurance Company, The Fukoku Mutual Life Insurance Company and The Yasuda Mutual Life Insurance Company), reached agreement on the development of a joint business in the area of asset services business, including master trust operations. Trust & Custody Services Bank was established in January 2001 for this purpose under the joint ownership of Mizuho Trust & Banking and the four life insurance companies.

Basic Strategy of Trust & Custody Services Bank

The outsourcing needs of such customers as Japanese institutional investors are becoming increasingly sophisticated and diverse. This reflects the growing importance of administrative rationalization, and the need to adapt efficiently and appropriately to various changes, in the asset services business, including the introduction of market value accounting and securities-settlement system reform. Trust & Custody Services Bank was established jointly with MHFG and the four life insurance companies for the purpose of maximizing scale merits and cost-competitiveness by integrating their asset

services business. In addition, the synergies achieved by combining the human resources and knowledge of the participating companies will allow Trust & Custody Services Bank to build a sophisticated asset management infrastructure and offer superior products and services to a wide range of customers, including Japanese institutional investors.

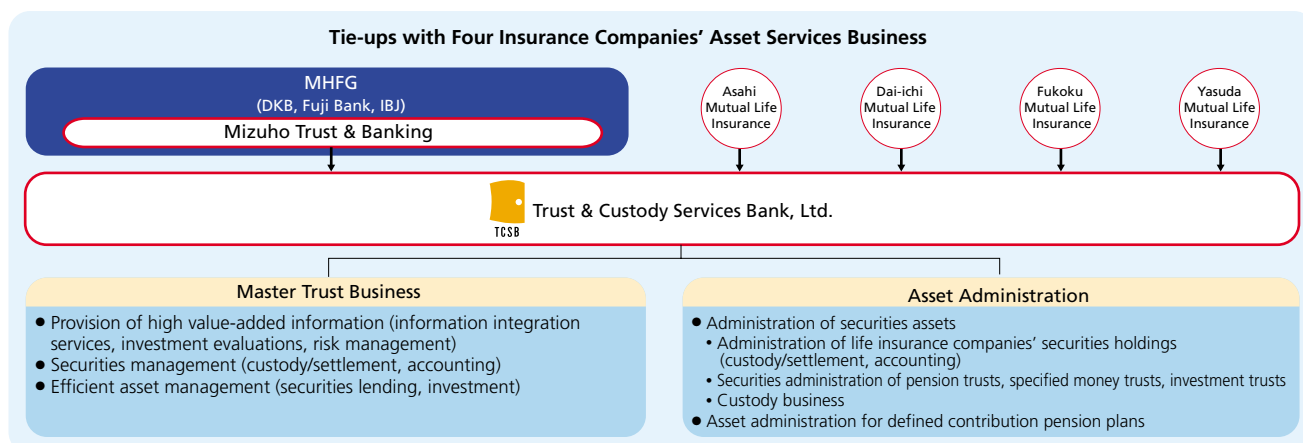
Trust & Custody Services Bank's business operations

Trust & Custody Services Bank initiated the development of its master trust operations with the introduction of information-consolidating services in February 2001. Also in February 2001, it began to offer fiduciary services, including custody and settlements, for securities held by life insurance companies, as part of its securities-related asset services. It will take over the custodial services of Mizuho Trust & Banking starting from the second half of fiscal 2001. In fiscal 2002, Trust & Custody Services Bank plans to offer full securities management, including accounting services, for life insurance companies. At the same time, it aims to expand its business by offering asset services business to a wide range of customers, including Japanese institutional investors.

Glossary

Securities-Settlement System Reform

The Japanese securities market is seen to have fallen behind European and U.S. markets in terms of market systems. The Financial System Council of the Ministry of Finance and the Japan Securities Dealers Association (JSDA) studied the issue in 1999. The results of their deliberations form the basis of the system reform program now under way. The key features of this reform process are the introduction of DVP (Delivery versus Payment) settlements, whereby the securities and funds involved in a transaction are settled simultaneously, and T+1 settlements (settlement on the day after the transaction date).



○ Defined Contribution Pension Business

Defined Contribution Plan Services Co., Ltd. was established in September 2000. Its aim is to become a front-runner in the defined contribution pension market when the new system is expected to start in Japan in October 2001.

There is growing interest in the defined contribution pension plan, both as an effective way to improve corporate employee welfare plans and reform personnel and pension systems, and as a new retirement fund building tool for individuals. We are determined to become a leader in this field and we have channeled maximum resources and energies into realizing this goal. Top-class consulting companies of MHFG assist corporate customers to design schemes for the introduction of defined contribution pension plans. Defined Contribution Plan Services was established jointly with four life insurance companies (Asahi Mutual Life Insurance, Dai-ichi Mutual Life Insurance, Fukoku Mutual Life Insurance, and Yasuda Mutual Life Insurance) in September 2000. It uses a call center, the Internet and other methods to provide convenient support services, including educational tools, for individuals who wish to join such plans. In cooperation with various group affiliates, including asset management companies in MHFG, it offers a wide range of investment products to meet the various asset-building needs of customers who have joined the plans. Both corporate and individual users of the defined contribution pension plans benefit from this integrated, group-level approach.

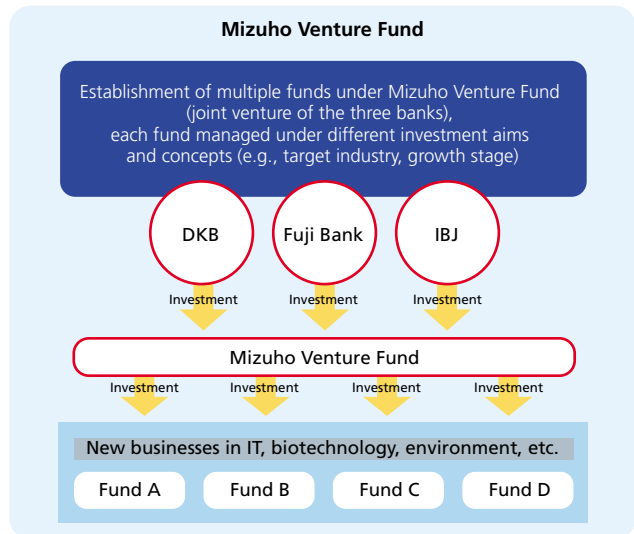


Web pages of Defined Contribution Plan Services (DCPS)

○ Establishment of Mizuho Venture Fund

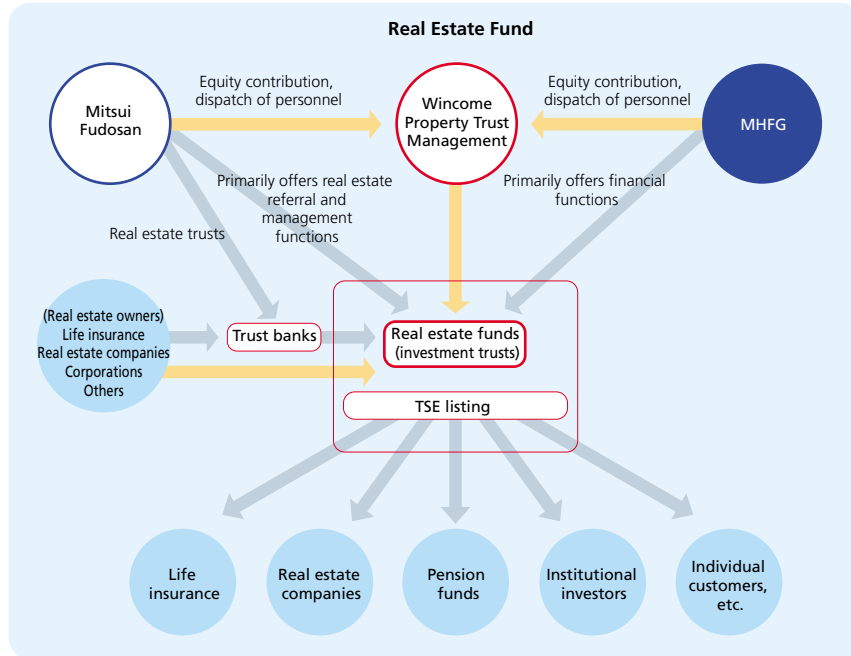
With maximum assets of ¥30 billion, the Mizuho Venture Fund is one of the largest funds of its type in Japan. It has already invested ¥9.3 billion in four individual funds.

The Mizuho Venture Fund was established in May 2000 by the three banks. With maximum assets of ¥30 billion, it ranks among the largest funds of its type in Japan. It has already invested ¥9.3 billion in four individual funds and is helping to discover and nurture the new businesses, venture businesses and high growth and emerging markets that will play a leading role in the 21st century.



○ Establishment of Real Estate Fund

Preparations for launching of fund and listing on Tokyo Stock Exchange (“TSE”).

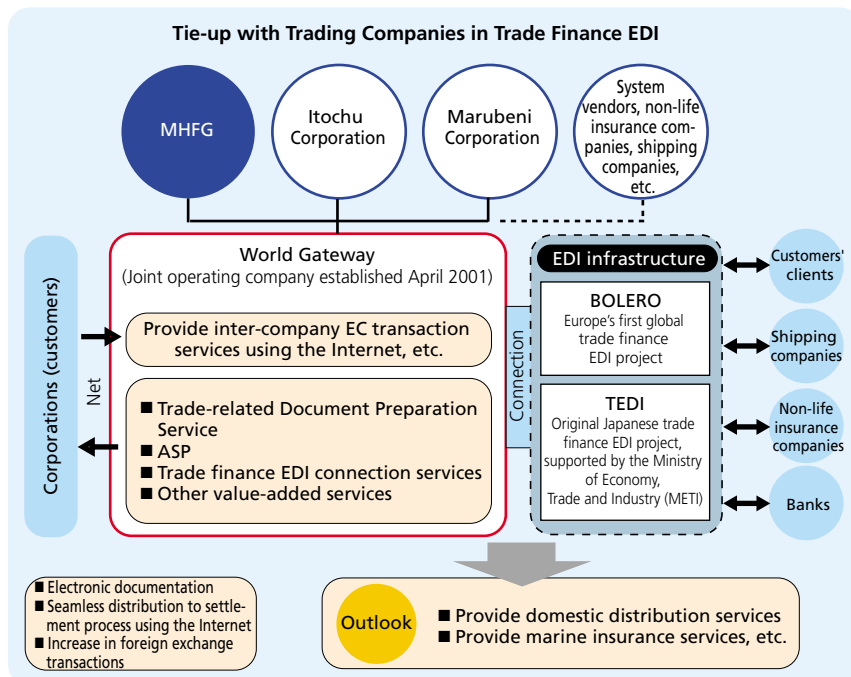


This real estate fund is a Japanese version of the real estate investment trust (REIT). To set up this fund, MHFG and Mitsui Fudosan Co., Ltd. jointly established Wincome Property Trust Management Co., Ltd., a fund management company, in October 2000. Preparations are now under way for the rapid start-up of the fund, along with the preparation for the listing of its equities on the TSE.

The fund will be able to draw on the total resources and capabilities of MHFG as it works to expand and enhance its products to meet the needs of corporate and individual customers. We will also work to play a core role in sound market formation.

○ Trade Finance Electronic Data Inter-change (“EDI”)

World Gateway Inc. was established in April 2001. It is now working in partnership with trading companies and other organizations toward the early implementation of trade finance EDI.



EDI allows different companies to exchange orders and invoices, by electronic means, using standardized formats. We established World Gateway in April 2001 through a joint investment with trading companies and other organizations. The new company will help to accelerate the introduction of trade finance EDI services and to ensure that customers' trade transactions are completed promptly and safely.

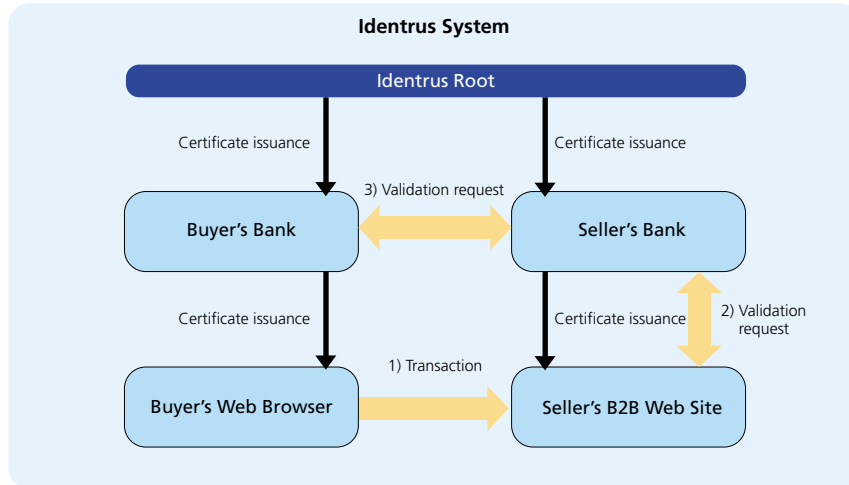
Glossary

ASP (Application Service Provider)

An Internet service that provides business-related applications for use by companies.

○ Identrus Electronic Certification Service

Responding proactively to growing security needs fueled by expansion in e-business.



Identrus is a consortium of the world's leading financial institutions and was established to provide general-purpose solutions to security needs relating to B2B transactions over the Internet. MHFG is a partner in Identrus and is actively working to establish electronic certification services.

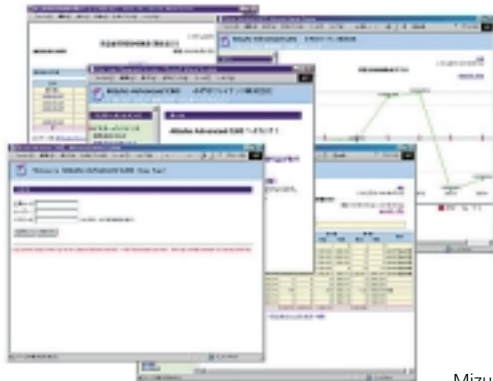
MHFG is also developing applications that provide payment and credit functionality on this electronic certification platform.

○ Mizuho Advanced CMS

Centralized cash management enables corporate groups to improve the efficiency of group-level financial operations and administration.

Features

- Deposit and loan balance management and interest pooling.
- Intra-group cash netting.
- Centralized statements of accounts payable (agency payment services).
- Processing of group company cash flow requests and forecasting of total group cash flows (cash flow management).



Mizuho Advanced CMS Web pages

The introduction of consolidated accounting has created a rapidly growing need for systems to improve the efficiency of cash management at the group level, especially within large corporate groups. More and more companies are looking into establishing financial subsidiaries or introducing netting and similar procedures. We have responded to this need by jointly developing a new type of cash management service (CMS). The new service was launched in December 2000 as the Mizuho Advanced CMS.

This system allows corporate groups to improve their financial efficiency and reduce transfer charges by netting deposits and loans among group companies. Participants also benefit from an improvement in administrative efficiency through centralized administration.

Consolidation Synergy of MIZUHO

■ PROGRESS OF CONSOLIDATION

○ Consolidation of Overseas Subsidiaries, Accelerated Consolidation of Overseas Branches

To realize the synergies arising from consolidation as quickly as possible, we initiated efforts to consolidate our overseas operations in October 2000. As of July 31, 2001, we had completed the consolidation of three branches, one representative office and eight subsidiaries.

We are making steady progress in consolidating our overseas branches and subsidiaries, and expect to complete consolidation of all our overseas operations by April 2002.

MHFG's Consolidated Overseas Offices



○ Establishment of Mizuho Securities

Mizuho Securities was launched on October 1, 2000 through the merger of The DKB Securities Co., Ltd., The Fuji Securities Co., Ltd. and The IBJ Securities Co., Ltd.

In addition to responding to customers' financing and investment needs through underwriting and selling corporate bonds and stocks, we are working to promote a dynamic fusion of these activities with our investment banking services using sophisticated FT such as structured finance business and M&A. In this way, we are aiming to create the first, fully fledged Japanese-style investment bank to resolve the customers' issues in the areas of business and financial strategy.

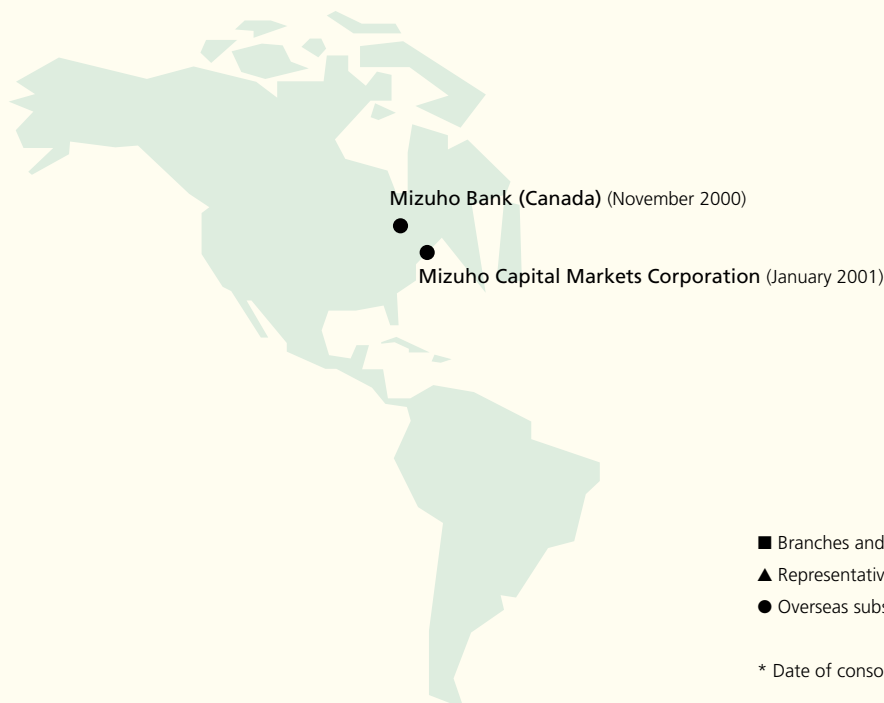
- Main Businesses of Mizuho Securities**
- Bond trading
 - Equities trading
 - Investment banking
 - Debt financing
 - Equity financing
 - IPOs

○ Establishment of Mizuho Trust & Banking

Mizuho Trust & Banking was launched on October 1, 2000 through the merger of Dai-ichi Kangyo Fuji Trust & Banking with IBJ Trust & Banking.

Mizuho Trust & Banking specializes in corporate trust banking business, and boasts a strong financial structure and a high degree of expertise. It provides high-level consulting services using the latest technologies and systems, and know-how and services backed by a high degree of transparency and top-quality back-office systems. It also intends to maintain its high credit ratings and take a strategic approach to securing business in key areas as part of its effort to become a trust bank specializing in corporate business whose strengths and excellence are truly of world standards.

- Main Businesses of Mizuho Trust & Banking**
- Pension trust
 - Asset management services
 - Custodial services
 - Stock transfer agency services
 - Securitization services



Consolidation Synergy of MIZUHO

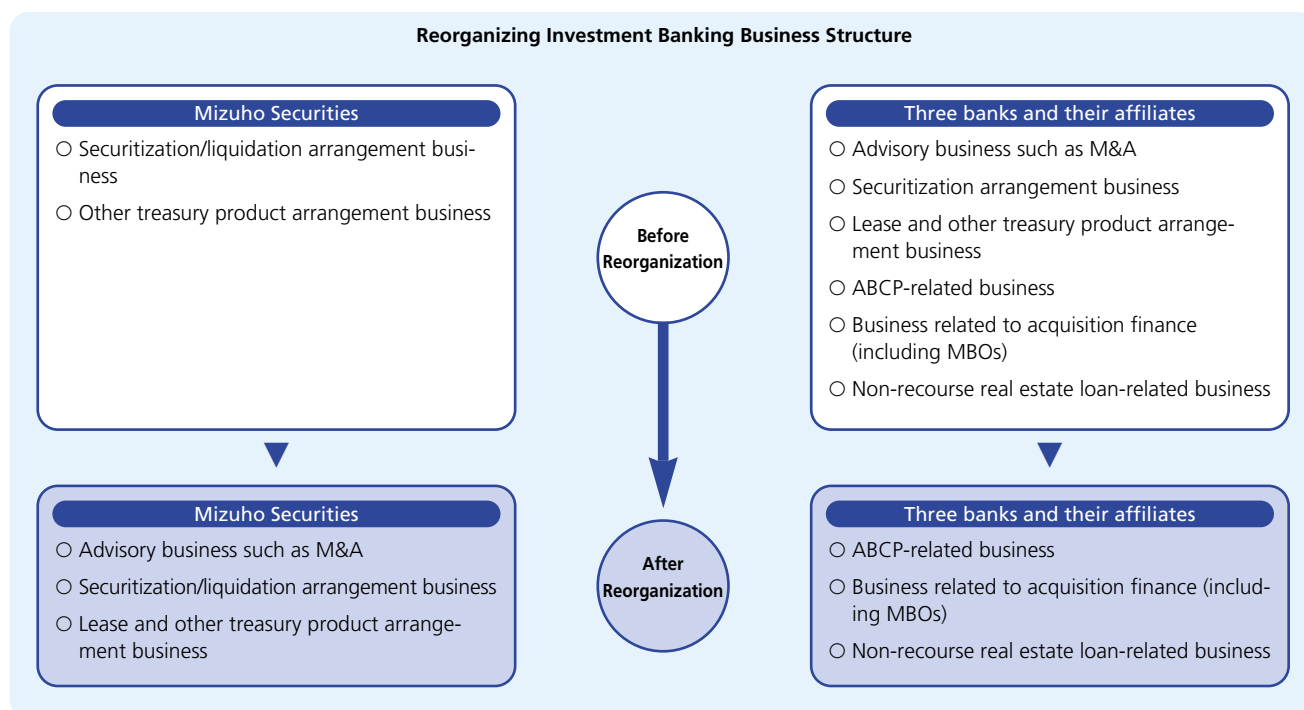
○ Reorganizing Investment Banking

Operations

On May 1, 2001, we reorganized our investment banking business structure, including our advisory activities in areas such as M&A, securitization and liquidation arrangement business, and our business in the area of arranging leases and other financial products. These businesses that had been handled by the three banks were relaunched under the aegis of Mizuho Securities, which now offers a full range of key investment banking services.

The three banks and their affiliates will continue to handle business related to asset-backed commercial paper (ABCP), finance for acquisitions (including MBOs) and business associated with non-recourse real estate loans.

(Please refer to page 51 for details on MBOs.)





Evolution of MIZUHO

Chapter 3

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| Business Model for Phase 2 (from April 2002) | 30 |
| Overview of Mizuho Bank and Mizuho Corporate Bank | 32 |
| What's Phase 2? | 34 |
| Human Resources System for Phase 2 | 38 |

Evolution of MIZUHO

■ BUSINESS MODEL FOR PHASE 2 (FROM APRIL 2002)

○ Consolidation into Legally Separate Subsidiaries According to Customer Segments and Business Lines

Subject to approval from the appropriate regulatory authorities, we will consolidate and reorganize our existing operations into legally separate subsidiaries under MHHD according to customer segments and business lines on April 1, 2002. Through a process of the corporate splits and merger, the operations of DKB, Fuji Bank and IBJ will be consolidated and reorganized into Mizuho Bank and Mizuho Corporate Bank.

Mizuho Bank's customer base will mainly consist of individuals, domestic companies and local governments. Mizuho Corporate Bank will primarily serve major corporations, financial institutions, their group companies, national governmental public sector entities and overseas corporations.

Mizuho Securities and Mizuho Trust & Banking will also become direct subsidiaries of MHHD.

○ Rapid Progress in Strengthening Ability to Adapt to the Management Environment and Respond to Customers

Creating a flexible, speedy and versatile management structure

During the next five to ten years, economic, financial and market structures are more than ever likely to undergo major changes that will transcend national borders. To cope with such major environmental changes head-on, a company's management structure must be flexible, speedy and versatile. We have adopted a management structure whereby operations are consolidated and reorganized into legally separate subsidiaries according to customer segments and business lines. We believe this allows greater flexibility in dealing with the ever-changing business environment and is the most desirable business model in light of the scope and scale of our business.

Attaining a high degree of expertise

In addition to offering comprehensive financial services, a high degree of expertise is necessary if we are to take full advantage of our scale and extensive transactional relationships with customers and create a truly powerful financial group.

Such expertise includes leading-edge financial technology and know-how, a sales approach that delivers meticulous customer service and develops and cultivates close transactional relationships and the ability to provide products that respond to customer needs.

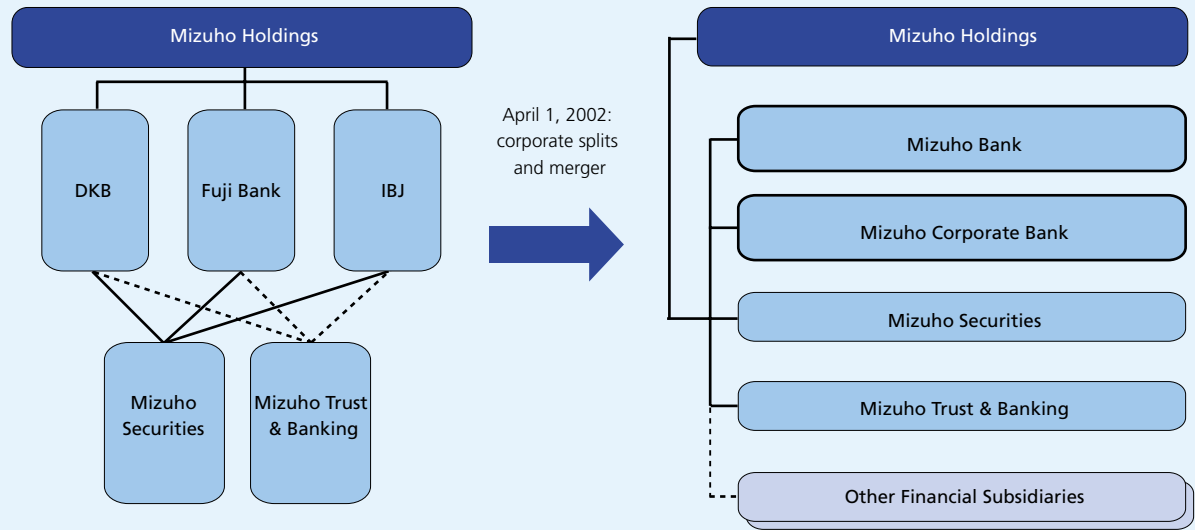
We aim to become a comprehensive financial services group that offers accurate and rapid responses to customer requirements by ensuring that group companies enhance their expertise and provide high value-added financial services on the one hand and reinforcing cooperation among group companies on the other.

Glossary

Corporate Split

A corporate split is a legal framework whereby a company transfers all or part of its business to another company. Introduced through revisions of the Japanese Commercial Code in 2000, this method of restructuring companies is designed to facilitate corporate reorganization and increase international competitiveness.

Business Model: Core Companies of MHFG



* The corporate splits and merger process scheduled to take effect April 1, 2002 is subject to the approval of the regulatory agencies in Japan and abroad.

In Phase 2 (from April 2002), core group companies—Mizuho Bank, Mizuho Corporate Bank, Mizuho Securities and Mizuho Trust & Banking—will each provide high value-added financial services to customers as subsidiaries of Mizuho Holdings. The group will enhance its comprehensive financial service capabilities by strengthening synergies among these companies.

○ Features of Mizuho Bank and Mizuho Corporate Bank

Mizuho Bank

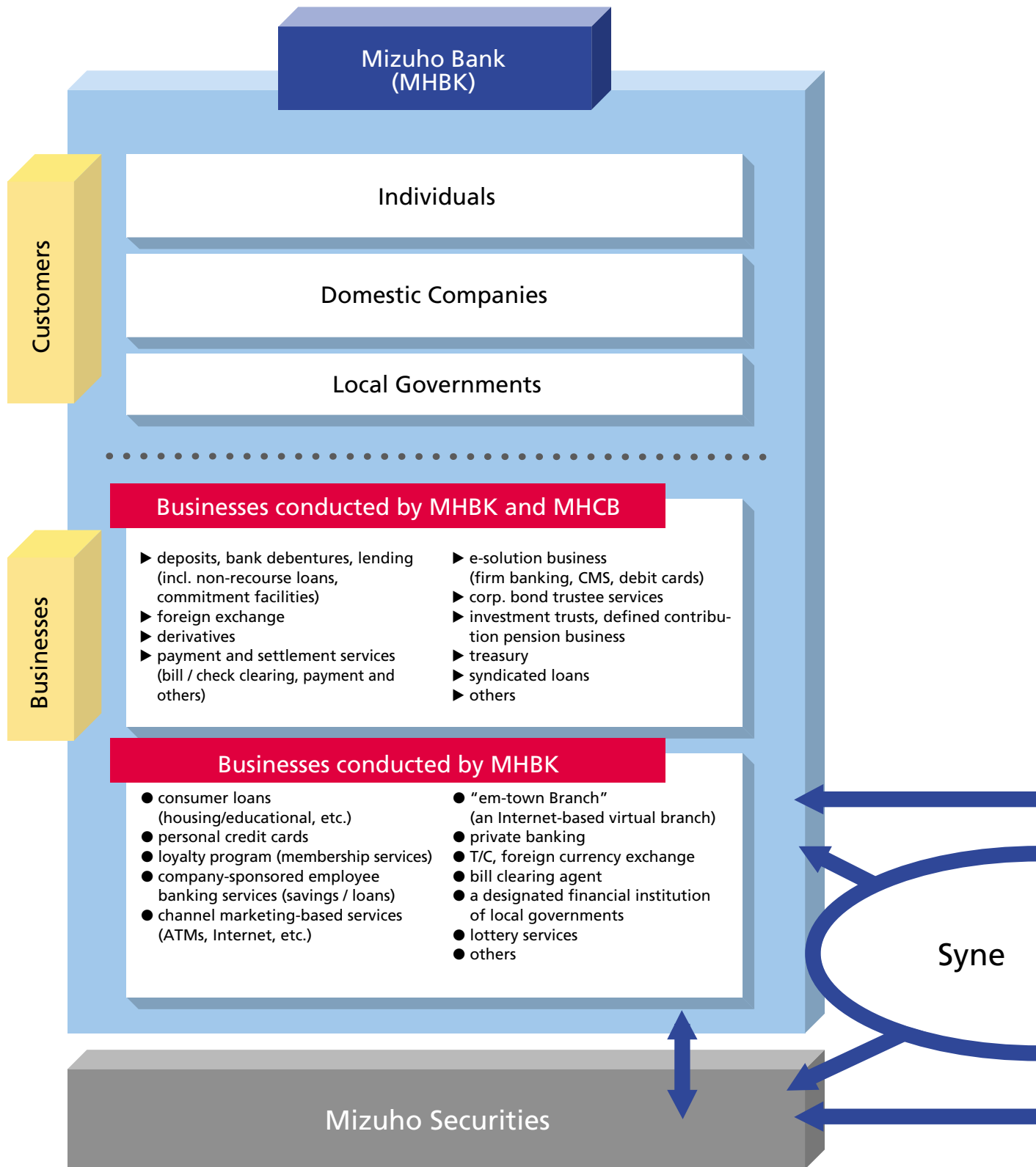
Mizuho Bank aims to become Japan's most powerful commercial bank by providing comprehensive, high value-added financial services as the customers' bank of choice and the best business partner. Specifically, for individual customers, in addition to products and services they already enjoy, and with membership banking services at its core, Mizuho Bank will offer highly convenient services for each customer. It will also take advantage of the group's all-round capabilities to provide highly specialized private banking services.

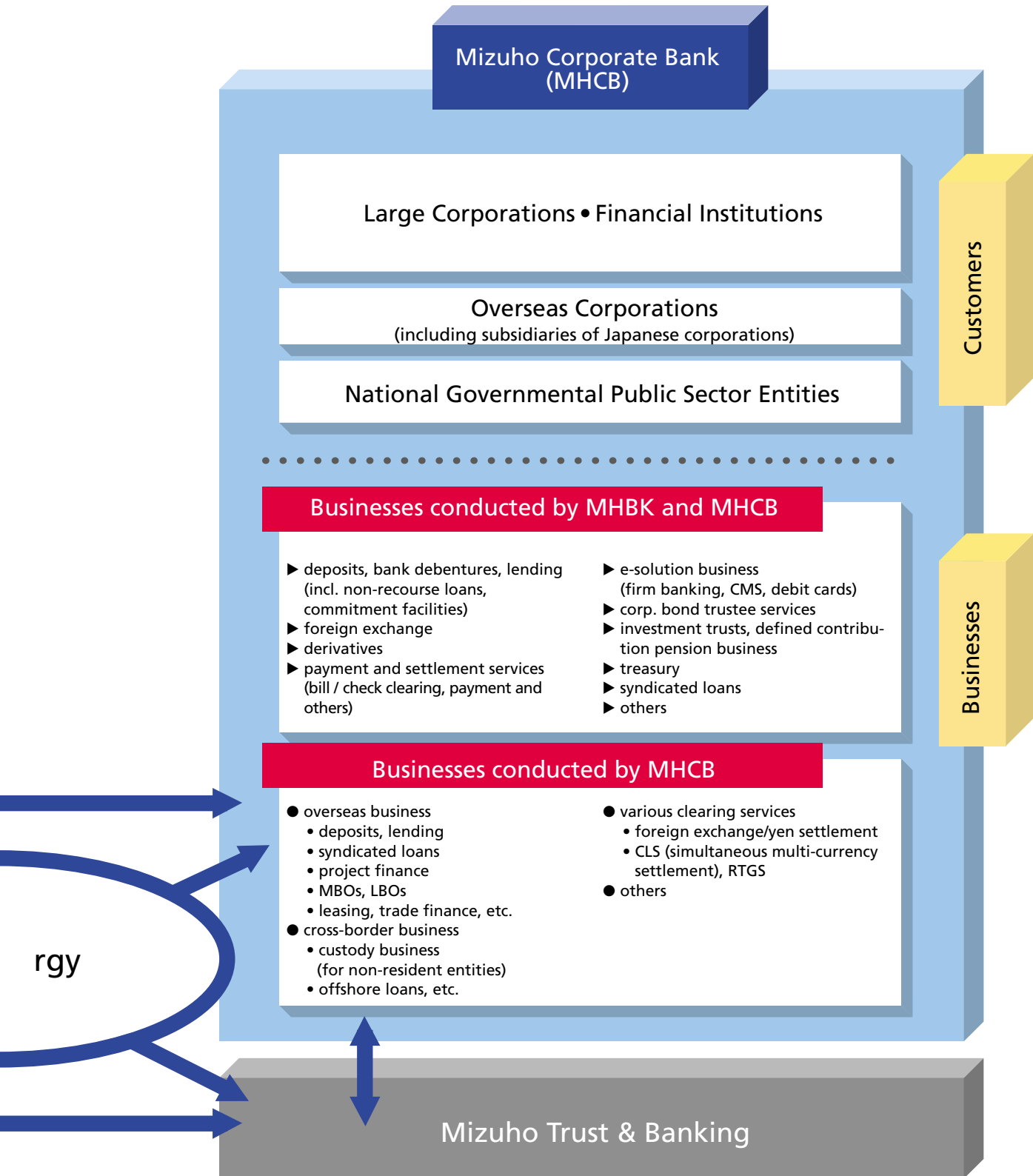
Corporate customers will benefit from a smooth and stable supply of high-quality funds. Furthermore, Mizuho Bank intends to provide leading-edge business solutions that match the business strategies of each customer. The products and services to be offered will include syndications, derivatives, support for IPOs and business information support. Mizuho Bank also intends to increase its efforts to support the growth of new businesses and venture companies.

Mizuho Corporate Bank

Mizuho Corporate Bank's goal is to become the premier professional bank in the domestic and international corporate finance markets, accurately responding to the increasingly diverse and sophisticated financial needs of customers by taking full advantage of leading-edge IT and FT to provide world-class business solutions. Specifically, Mizuho Corporate Bank will engage aggressively in project financing, MBO financing, securitization and other areas of the investment banking business, as well as asset management functions such as services related to defined contribution pension plans (the Japanese equivalent of 401(k)). Mizuho Corporate Bank will strengthen its activities in such cross-border businesses as state-of-the-art funding and securities settlement services utilizing a next-generation clearance and settlement infrastructure, as well as in the syndication business and other various arrangement businesses.

OVERVIEW OF MIZUHO BANK AND MIZUHO CORPORATE BANK





* The corporate splits and merger process scheduled to take effect April 1, 2002 is subject to the approval of the regulatory agencies in Japan and abroad.

What's Phase 2?

■ QUESTIONS CONCERNING THE OVERALL BUSINESS MODEL

Question 1

What types of customers will Mizuho Bank and Mizuho Corporate Bank serve?

Mizuho Bank's main customers will be individuals, domestic companies and local governments, and it will be one of Japan's leading banks in terms of assets. Its customer base will far outstrip those of other banks because it will lead the industry in terms of both the number of corporate clients and the number of personal accounts.

Mizuho Corporate Bank will focus on corporate finance, primarily serving companies listed on the first sections of domestic stock exchanges and other major corporations, financial institutions, their group companies, national governmental public sector entities as well as overseas corporations and overseas subsidiaries of Japanese corporations. It will have an enormous customer base, extending loans to about 70% of listed companies in Japan and serving as main bank to about 40% of them. Overseas, it will do business with about 70% of the Fortune 500 companies.

Question 2

Why launch two separate banks, Mizuho Bank and Mizuho Corporate Bank?

Our objective in launching two banks is to realize the ideal management profile for a financial institution that boasts the world's largest asset base and, above all, our aim to develop closer relationships with our customers by providing meticulously tailored services. Our goal is to become a comprehensive financial services group that delivers a high degree of expertise in meeting the demands of each customer and business sector.

We will take full advantage of each bank's capabilities to satisfy the increasingly varied and complex needs of our customers with unprecedented speed and exactitude.

Question 3

What benefits can investors expect from the consolidation and reorganization in April 2002?

The April 2002 consolidation and reorganization will establish four key pillars to support the group's business strategy, launching Mizuho Bank and Mizuho Corporate Bank and aligning Mizuho Securities and Mizuho Trust & Banking as subsidiaries, all under the direct control of Mizuho Holdings.

These four core subsidiaries will provide customers with high value-added financial services. Moreover, the group will strengthen cooperation among the four core subsidiaries and focus the capabilities of all group companies on becoming an innovative financial services group that will lead the new era through cutting-edge comprehensive financial services and enjoy an overwhelming

competitive advantage over other financial groups. All these efforts are designed to meet investors' expectations by enhancing enterprise value.

Question 4

Why utilize the legal framework for corporate splits in the April 2002 consolidation and reorganization?

We decided to utilize the corporate splits and merger method to achieve the planned large-scale corporate reorganization of the three banks into two banks under MHHD according to customer segments. This type of corporate reorganization, which was difficult in the past, was made possible as a result of changes in the Japanese Commercial Code in 2000.

A corporate split is a legal framework whereby a company transfers all or part of its business to another company. It differs from the transfers of business used in previous corporate splits because it does not involve procedures for transferring individual rights and obligations. This system was introduced recently in April 2001 to facilitate corporate restructuring and increase the international competitiveness of corporations, and since it was created in response to strong requests from the business community, many companies are expected to take advantage of it. We are confident that the corporate splits and merger method used by MHFG will serve as an exemplary case study of the system in action.

Question 5

I hold shares in Mizuho Holdings. What sort of procedures will I have to go through as a result of the corporate splits and merger of the three banks?

The shares issued by the three banks involved in the corporate splits and merger are entirely held by MHHD, which is the three banks' holding company. Investors who hold shares in MHHD will not have to do anything as a result of the corporate splits and merger of the three banks.

Question 6

What is the schedule for the corporate splits and merger?

First, we need to obtain approval for the corporate splits and merger from the shareholders of DKB, Fuji Bank and IBJ at each respective bank's shareholders' meeting. Then after we receive the approval of the appropriate financial authorities in Japan and other related countries, we plan to register the corporate splits and merger on April 1, 2002, on which date Mizuho Bank and Mizuho Corporate Bank will commence business.

■ QUESTIONS CONCERNING DOMESTIC INDIVIDUAL CUSTOMERS

Question 7

Which bank will handle my transactions?

From April 2001, Mizuho Bank will handle products and services for individual customers, and, basically, there will be no changes in transactions currently being conducted by customers. Furthermore, customers of the three banks already enjoy free reciprocal ATM access, and we aim to increase the excellent lineup of products and services after Mizuho Bank starts operations.

Question 8

How will my transactions be transferred to the new bank? What procedures will I have to complete?

In the case of corporate splits, a company's businesses are divided and the assets and liabilities to be transferred are inherited by another company in their entirety. Transactions of individual customers will be transferred in their entirety to Mizuho Bank; therefore, in principle, no transfer procedures are necessary for individual customers. However, customers may be notified of and asked to complete certain formalities as a result of changes in branch names and branch code numbers. We ask for the customer's understanding and cooperation in such cases.

Question 9

Will I be able to utilize products and services that are currently offered by the three banks, such as deposits, loans and bank debentures, even after the consolidation?

Yes, customers can continue to utilize these products and services at Mizuho Bank after the consolidation. However, customers should be aware that there may be cases where the content of some products and services may be changed coinciding with the consolidation. Customers will be notified of changes and we will make every effort to not inconvenience our customers.

With regard to bank debentures, designated branches of Mizuho Bank will offer this product and customers will be notified of the location of such branches at a later date.

Question 10

What benefits will banking with Mizuho Bank bring?

Mizuho Bank will strive to deliver long-term customer satisfaction by offering the best possible products and services for each individual customer. Specifically, we will continue to create attractive products and services such as membership banking services and lending programs while establishing an operating structure that can respond to customer needs rapidly and with precision. We will enhance our efforts to raise customer satisfaction levels through greater convenience by providing services through our vast nationwide network, which consists of manned branches, more than 1,100 fully automated service centers, ATMs located in convenience stores and an Internet branch.

■ QUESTIONS CONCERNING DOMESTIC CORPORATE CUSTOMERS

Question 11

How will the business with corporations being handled by the three banks be transferred to Mizuho Bank or Mizuho Corporate Bank as a result of the corporate splits and merger?

The three banks will be reorganized into Mizuho Bank and Mizuho Corporate Bank based on customer segments.

Taking advantage of the changes to the legal framework for corporate splits that went into effect in April 2001, we will consolidate and reorganize our banking operations into two banks. Mizuho Bank's main corporate customer base will comprise domestic companies and local governments. Mizuho Corporate Bank, on the other hand, will primarily serve major corporations, financial institutions, national governmental public sector entities and overseas corporations.

Question 12

Will we be able to bank with both the new banks?

In principle, one of the two banks will be responsible for a customer's entire business. However, taking into consideration customer convenience, there will be cases where customers will have transactions with both banks depending on the nature of the transactions involved. For example, Mizuho Bank customers can deal in euro-yen impact loans and other overseas transactions with Mizuho Corporate Bank, while Mizuho Corporate Bank customers' branches can deal in transactions with Mizuho Bank in certain cases.

Question 13

Won't launching the new banks result in lower quality services?

Both Mizuho Bank and Mizuho Corporate Bank will take full advantage of leading-edge financial technology and expertise in their respective business sectors to provide customers with better quality services than ever. We will also strengthen the cooperative relationships between the group's core subsidiaries, including Mizuho Securities and Mizuho Trust & Banking, focusing the overall capabilities of all group companies on providing high value-added, high-quality comprehensive financial services. We are therefore confident that we can deliver very high levels of customer satisfaction.

Question 14

Mizuho Bank has no overseas offices. Won't this be inconvenient for a company like ours that does business with Mizuho Bank?

The group's overseas operations will include branches, marketing offices and subsidiaries of Mizuho Corporate Bank. Mizuho Corporate Bank will operate in 17 locations in Japan and over 50 locations overseas, covering all major cities around the globe. We plan to establish a structure that will provide powerful support for our customers' global business endeavors.

Although Mizuho Bank's customers will be asked to do business with Mizuho Corporate Bank when dealing with the group's overseas branches, subsidiaries and affiliates, as well as conducting international business like euro-yen transactions, all current services will remain available and customers will in no way be inconvenienced. Mizuho Bank will continue to act as the domestic point of contact for Japanese customers with business overseas, and it will endeavor to provide even higher levels of service in the future.

■ HUMAN RESOURCES SYSTEM FOR PHASE 2

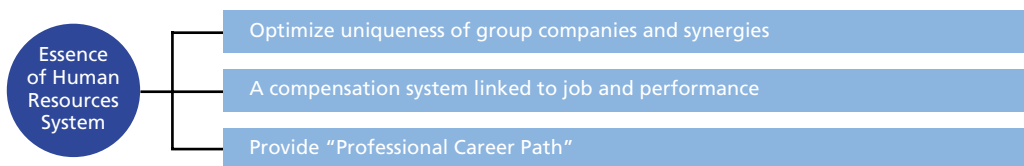
Vision for Human Resources: ROE on Human Resources Investment

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

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

In this vision, “ROE” stands for the following:

- R**esponsibility: Observe the principles of independent judgement and self-accountability.
- O**pportunity: Provide equal opportunity.
- E**mployability: Develop expertise to enhance competitiveness.



Optimize uniqueness of group companies and synergies

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

A compensation system linked to job and performance

We will introduce a compensation system linked to job and performance.

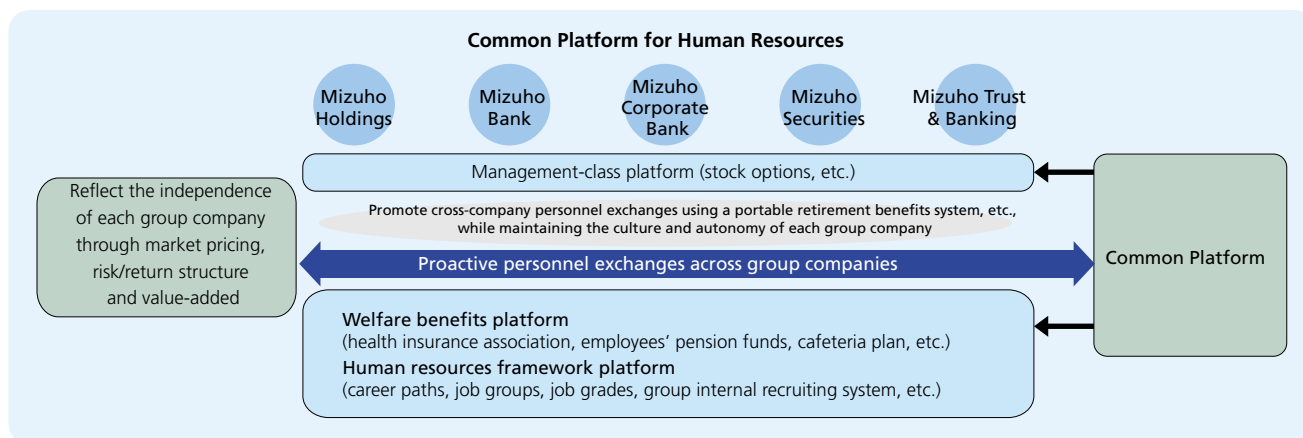
As for salaries, we will pay according to job grade that is determined by job responsibilities and other factors.

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

Provide “Professional Career Path”

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

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





Business Strategy of MIZUHO

Chapter 4

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C onsumer and Private Banking Business Unit

The BU for individual customers.

We aim to become the consumers' bank of choice by providing them with the highest level of satisfaction throughout their lives.



Masaaki Sato

Managing Executive Officer
Head of the Consumer and
Private Banking BU

■ BASIC STRATEGY

Become the leader in the consumer and private banking sector

1) Developing relationship marketing still further by making maximum use of our enormous customer base and overall strengths.

- We aim to win long-lasting customer satisfaction by providing products and services that meet individual requirements. This requires the development of business structures capable of responding quickly and appropriately to customer needs, and the use of advanced IT to create attractive products and services.

2) Selecting strategic markets and focusing resource allocation.

- Advanced marketing techniques will be used to select strategic markets, and to establish a strong position in the personal banking market by focusing our total resources and capabilities.

■ MHFG'S STRENGTHS

- Approximately ¥34.2 trillion in personal assets under management (No. 1 in Japan)
- Approximately ¥8.4 trillion residential housing loan portfolio (No. 1 in Japan)

(The figures above are the aggregated totals of the three banks as of March 31, 2001.)

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

- **Increasingly Diverse and Sophisticated Needs**
 - Emphasis on relationships.
 - Growing demand for consulting services.
 - Convenience a priority.
- **Deregulation, Escalating Competition**
 - Accelerating influx of competitors from non-financial industries.
 - Competition from foreign financial institutions.
 - Growing involvement of competing Japanese financial groups in personal banking.
 - Expanding range of available services.
- **Advances in IT**
 - Reviewing conventional business models.
 - Diversifying channels for supplying products and services.
 - Wider scope for development of new services.

○ Achievements in Fiscal 2000

- **Increase in Personal Assets under Management**
 - Wider range of investment trusts, foreign currency deposits, etc.
 - "Mizuho Fund Collection" launched.
- **Expansion in Housing Loan Business**
 - ¥480 billion increase in balance of residential housing loans during the year.
- **Development of "Mizuho" Brand Products**
 - Integrated Mizuho loan products launched.
 - Mizuho UC Card and Mizuho Spark Card launched.
- **More Convenient Channels**
 - No fee charged for access to inter-group CDs and ATMs.
 - Uniform fees for inter-group transfers using ATMs, etc.
- **Providing New Services**
 - "em-town" launched.
 - Use of will trusts and other functions offered by The Yasuda Trust and Banking Co., Ltd. commences.
 - Joint lectures and seminars.

○ Plans for Fiscal 2001

- **Expand and Reinforce Transaction Base**
 - Improve staff skills to strengthen relationship marketing.
 - Increase emphasis on corporate retail market taking advantage of corporate customer base.
- **Achieve Market Advantage through Expansion of Assets under Management and Loans**
 - Expand assets under management through appropriate asset arrangement services.
 - Expand consumer loan services through stronger marketing.
 - Full-scale utilization of group-based financial functions.
- **Development of Competitive Products and Services**
 - Introduce cross-group insurance products.
 - Launch bank debentures covered by deposit insurance.
- **Strategic IT Investment**
 - Develop individual customer database.
 - Involvement in settlement payment systems and IC card projects.
- **Preparations for Consolidation**
 - Consolidation of existing products and services.

○ Promoting Relationship Marketing

Developing Sophisticated Membership-Style Banking Services

The three banks have considerable expertise in the area of membership-style banking services and have been enjoying strong customer support. This expertise will be used to develop such services into programs designed to meet a wide range of customer needs.

Developing Advanced Individual Customer Databases

A variety of information will be integrated to create databases that can be used to support MHFG's sophisticated marketing activities. The database will also be used to optimize our responses and services to individual customers through various channels.

Optimizing Asset Management Advisory Services

We will respond to our customers' needs by maintaining a range of high-quality products, expanding our force of highly trained specialized staff and using proactively our IT infrastructure. We will optimize our asset management services, including portfolio proposals, for each customer.

○ Strategic Market Selection and Prioritized Commitment of Resources

Reinforcing the Personal Loan Business

We offer an extensive range of loans to match the lifestyles of our customers. Our lineup includes a variety of housing loan products to meet the funding needs of customers who plan to buy or replace their homes.

Serving the Private Banking Market

We aim to foster customer confidence in this area by offering a wide spectrum of finely tuned asset management services based on the overall group strengths and the skills of our highly specialized staff.

Developing Corporate Retail Market

We will use our resources, including our solid corporate customer base and expert knowledge of a wide range of products and services to respond to the needs of corporate customers and their employees.

○ Using IT to Improve Customer Convenience

Banking and Shopping Town - The Start of "em-town"

We opened our "em-town Branch," the first Internet-based virtual branch among Japanese city banks. The branch is located in "em-town," an Internet community established to meet new customer needs. Customers of em-town can enjoy a variety of activities, including shopping.

Expanding Remote Banking Services such as Internet Banking

We offer a unique range of services unmatched by any other bank, including online sales of lottery tickets and a sophisticated and extremely secure shopping payment system. We are also increasing convenient services which can be accessed via conventional or mobile telephones.

Introducing New Service Channels

We are actively developing new service channels, including multifunction ATMs in convenience stores, and full-service in-store branches that are open also on weekends. We are also continually introducing new services, such as sales of lottery tickets through ATMs.

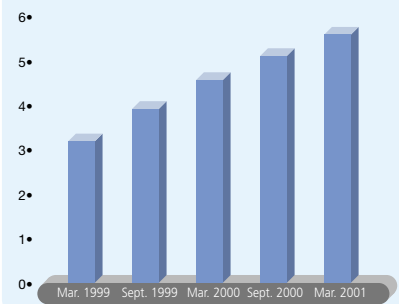
Multi-Payment Network

The three banks are leading the development of new infrastructure for the payment of such items as taxes, treasury funds and public utility charges.

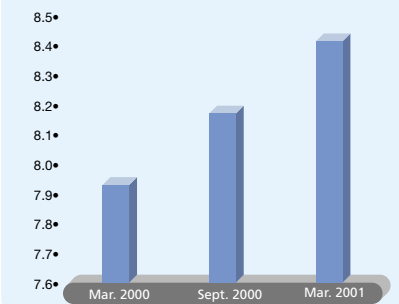
Expanding Card-Related Businesses

We offer superior services and advanced settlement and payment systems, including IC cards.

Number of Customers Utilizing Membership-Style Banking Services
(customers in millions)



Outstanding Balance of Residential Housing Loans
(trillion yen)



ATM Network of the Three Banks
(number of locations)



*Number of locations where CDs and ATMs are situated, including ATMs in convenience stores (E-net and others). Dotted line signifies expected increase.

Small Business & Middle Market Banking Business Unit

This BU serves small and medium-sized, and middle market enterprises (“SMEs”) in Japan (excluding major corporations such as those listed on the first section of stock exchanges).

We aim to become the “best partner” for SMEs by speedily offering high-quality finance and sophisticated products and services that are carefully tailored to their requirements.

■ BASIC STRATEGY

- 1) Supply smooth and stable funds to SMEs, which are the backbone of the Japanese economy.
- 2) Expand and enhance our solutions business in line with business strategies.
- 3) Use IT to provide a rapid response to customers’ requirements.
- 4) Identify new businesses in high-growth sectors and provide them with the support they need to develop.
- 5) Build an efficient, high-quality business promotion structure.

■ MHFG’S STRENGTHS

- ¥35 trillion portfolio of loans to small and medium-sized enterprises (No. 1 in Japan).

(The figure above is the aggregated total of the three banks as of March 31, 2001. Based on preliminary financial results for fiscal 2000 (balance after subtracting outstanding consumer loans from loans to small and medium-sized enterprises).)



Takanori Yano

Managing Executive Officer
Head of the Small Business &
Middle Market Banking BU

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

- Transactions with SMEs are broadly based and underpin the Japanese economy.
- Although the funds procurement needs of corporations remain weak, we will respond positively to the changing financial needs of our customers by expanding our range of loan products, and by enhancing our internal systems.
- We will offer advanced solutions tailored to the business strategies of each customer with increasingly sophisticated and diverse requirements.
- We will increase our efforts to identify and foster new businesses and venture companies.

○ Achievements in Fiscal 2000

- **Establishment of Mizuho Venture Fund**
 - One of the largest funds in Japan, with total assets of ¥30 billion.
- **Promotion of Solutions Business**
 - Solutions business based on derivatives, M&A, support for IPOs, syndicated loans, etc. Rapid growth in the number of new contracts and fee income.
- **Proactive Development of New Markets and Customers**
 - A dedicated staff of 500 to develop new business enabled us to maintain steady growth in the number of customers and the amount of business transacted.
- **Utilizing the Three Banks’ Networks**
 - Excellent results were achieved through the use of the three banks’ extensive networks to assist customers’ business activities by providing information and other services.
- **Automatic Credit Evaluation System**
 - The network of branches using the system was expanded substantially in preparation for commercial introduction.

○ Plans for Fiscal 2001

- **Proactive Response to Healthy Demand for Funds**
 - Respond positively to healthy demand for financing by expanding and enhancing the range of loan products.
- **Offer Advanced Solutions**
 - Provide advanced solutions to business needs, including restructuring and balance sheet improvements.
- **Support for Development of New Businesses and Venture Companies**
 - Increase support for the new businesses of the 21st century, including support through the Mizuho Venture Fund.
- **Strategic Approach to the Small Business Sector**
 - Make full use of the automatic credit evaluation system and the Business Finance Center.
- **Improve Asset Structure**
 - Reinforce credit risk management to maintain and improve the quality of the loan portfolio.
- **Utilize the Three Banks’ Networks**
 - Utilize the extensive networks of the three banks to support customers’ business activities by providing information and other services.

○ Proactive Response to Healthy Demand for Funds

Responding Positively to Financing Needs

As their “best partner,” we will serve our customers as a reliable source of smooth and stable funds to meet sound financing needs.

Developing New Markets and Customers

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

Expanding and Enhancing Loan Products

We will continue to respond to changes in the interest rate environment by developing new loan products, including smaller fixed-interest loans for small and medium-sized enterprises. We will also expand and enhance our range of loan products, including strategic funding products for small and medium-sized enterprises, based on loans with Credit Guarantee Corporation guarantees.

○ Advanced Solutions Tailored to Business Activities

Reinforcing Solutions Capabilities

We will further expand our professional human resources and strengthen branch-level support to meet the needs of SMEs in such areas as investment banking products. We will also offer advanced solutions to meet the diverse management needs of customers.

Derivatives

We will enhance and expand our range of derivative products to meet the changing risk management requirements of our customers.

Support for M&As and IPOs

We offer comprehensive advice based on close cooperation with affiliated companies to meet the business restructuring needs of customers.

Syndicated Loans

We have gained considerable expertise through our involvement in arranging syndicated loans for overseas borrowers and major corporations, and will exploit this to provide enhanced support for SMEs.

○ Support for New Businesses and Venture Companies

The Role of the Mizuho Venture Fund

With total assets of ¥30 billion, the Mizuho Venture Fund is one of the largest funds of its type in Japan. Its role is to identify and foster the new businesses, venture companies and high-tech growth companies that will drive the economy in the 21st century.

Expanding Specialist Staff

We will further expand and enhance our specialist staff to provide enhanced management advice and business support for new businesses and venture companies.

Providing Solutions to Match Business Strategies

We will enhance and expand our M&A and MBO services and strengthen our listing support and capital policy advisory services. We will offer solutions linked to customers’ business strategies through forums such as study groups and seminars.

○ Strategic Approach to the Small Business Sector

Automatic Credit Evaluation System for Small and Medium-sized Enterprises

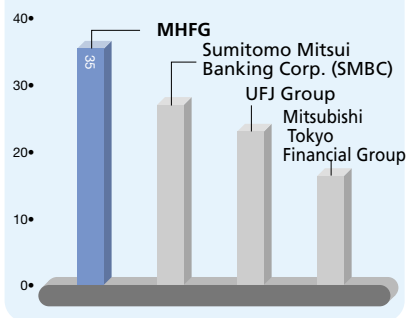
We are developing a practical automatic credit evaluation system based on a scoring model as part of our proactive response to the financing needs of small and medium-sized enterprises.

Efficient Direct Marketing through the Business Finance Center

We will further enhance and expand the organization of our Business Finance Center, which has sophisticated loan officers. The center specializes in direct marketing via telephone, facsimile, direct mail and other means, centered on loans guaranteed by the Credit Guarantee Corporation.

Loans to Small and Medium-Sized Enterprises

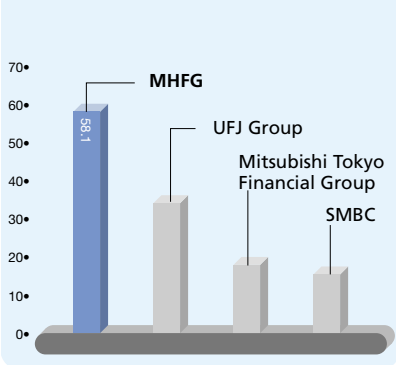
(As of March 31, 2001)
(trillion yen)



Source: Preliminary financial results for fiscal 2000 (comparison of outstanding loans to small and medium-sized enterprises after subtracting outstanding consumer loans). Researched by Mizuho Holdings.

Outstanding Venture Capital Investment

(billion yen)



Source: *Nihon Keizai Shimbun*, FY1999 Venture Capital Survey (July 7, 2000).

C

orporate and Financial Institutions Banking Business Unit

This BU works primarily with major corporations and financial institutions, and their group companies.

With our comprehensive information resources and financial expertise, we aim to become the No. 1 Japanese wholesale bank in the global market.



Hiroshi Saito

Managing Executive Officer
Head of the Corporate and
Financial Institutions Banking BU

■ BASIC STRATEGY

- 1) Build an enhanced full-line service menu that fully uses the capabilities of MHFG.
- 2) Create a strategic portfolio based on a high level of managerial competence.
- 3) Offer innovative financial services through the application of cutting-edge IT and FT.
- 4) Serve as a partner in building new businesses and management structures by taking an active role in assisting customers with their strategic management and business needs.
- 5) Offer optimized solutions for the various investment and management needs of Japanese financial institutions.

■ MHFG'S STRENGTHS

- ¥27.5 trillion in loans to large corporations (No. 1 in Japan)
(The figure is the aggregated total of the three banks as of March 31, 2001.)
- US\$41.7 billion (40% share) in arrangement of domestic syndicated loans in fiscal 2000 (No. 1 in Japan)
- Transactions with 1,170 financial institutions (No. 1 in Japan)
(The figure is the aggregated total of the three banks as of March 31, 2001.)

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

- **Increased Need for Financial Restructuring**
 - Economic stagnation reflected in customers' continuing efforts to reduce debt and increase off-balance-sheet transactions.
- **Business Restructuring Driven by Drastic and Accelerating Changes in Business Environment**
 - Infrastructural changes resulting from altered accounting standards, the IT revolution and deregulation.
 - Need for market- and shareholder-oriented management.
 - Sharp increase in customer need for business restructuring and improvements in efficiency.
- **Diversification of Investment Needs**
 - Diversification of investment needs has accelerated, especially among financial institutions and institutional investors.

○ Achievements in Fiscal 2000

- **Excellent Results Achieved with Optimized Financing Schemes**
 - Commitment lines, syndicated loans, securitization schemes and other methods used to provide a finely tuned response to customer needs.
- **Expansion of M&A and Derivatives Businesses**
 - Enhanced ability to propose solutions in response to customers' business and financial strategy needs.
 - Substantial increase in fee income from M&A and other activities.
 - Substantial increase in income from derivatives.
- **Cross-Selling of Products and Services**
 - Reciprocal promotion of network products, derivatives and overseas offices of the three banks, etc.
- **Integrated Marketing of Services for Financial Corporations**
 - Subscriptions for bank debentures (subscription bonds) secured from numerous financial corporations.
 - Full-service transactions through the provision of asset management products and solution services.

○ Plans for Fiscal 2001

- **Development of Advanced Services Based on Group Capabilities**
 - Closer cooperation with group companies, including Mizuho Securities and Mizuho Trust & Banking.
- **Enhanced Response to Sophisticated Financial and Management Needs**
 - Emphasize proposals for solutions.
 - Provide competitive products based on financial services and arrangement capabilities.
- **Aggressive Expansion into New Areas of Business**
 - Response to electronic data interchange.
 - Ongoing contribution to the creation of a secondary loan market as a core member of the Japan Syndication and Loan-trading Association (JSLA).
- **Improvement in Asset Portfolios**
 - Proactive response to funding demand.
 - Restructure portfolios and shift to active control with proper emphasis on risks and returns.

○ Corporations

Full Range of Services Based on Closer Cooperation

This BU is responsible for relationship management and has close cooperative links with group companies such as Mizuho Securities and Mizuho Trust & Banking and with other BUs, as a means of coordinating and introducing their various functions in the most appropriate and timely manner. Specifically, we offer prompt support across a wide spectrum of financial services, ranging from assistance with fund settlements to the provision of various financing schemes, including the use of bonds, investment banking services, as well as services for employees, securities transfer agency services and master trust services, just to name a few.

Development of Financial Services Centered on Proposal-Type Solutions

We use our research and advisory capabilities to respond to the changing and increasingly sophisticated requirements of customers in the areas of management and business strategy and advanced financial management. We actively offer high added-value solutions and optimized proposals, including M&A advisory services, MBO programs, derivatives and securitization schemes based on the latest FT and expertise.

Dynamic Development of Products Based on Arrangement Capabilities

We enjoy an excellent reputation in areas requiring sophisticated arrangement expertise such as asset and debt securitization deals. This reputation is reflected in our 40% share of the Japanese syndicated loan market. We possess an extensive network with business corporations, financial institutions and institutional investors, allowing us to enhance our ability to arrange schemes at both the origination and distribution stages.

Enhanced Support for Overseas Subsidiaries of Japanese Companies

We dynamically support the overseas activities of our customers by providing an extensive range of locally oriented services that are integrated seamlessly with their transactions in Japan. Customers may make full use of the three banks' branch networks to support their global business activities.

IT and e-Business Models

We recently started our Mizuho Advanced CMS and Global CMS online services. These Web-based systems offer advanced cash management networks to help customers improve their financial efficiency and assist them with managing their group accounts on a consolidated basis. We are also working actively to expand our IT-based business infrastructure, including trade finance EDI and the electronic commerce infrastructure.

○ Financial Institutions

Responding to Changing Financial Needs

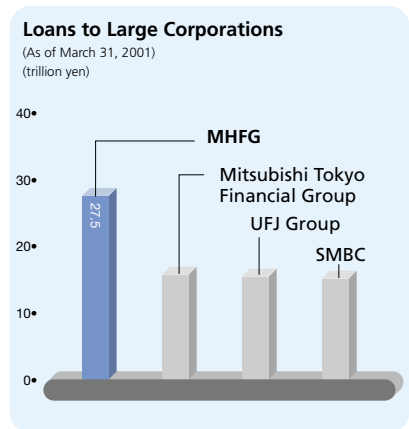
As the "best partner" for managing the assets of financial institutions, we offer a wide range of products and services to meet their diverse financing needs. In addition to bank debentures (subscription bonds), we sell investment trusts, securitization products and other products through group companies. We are also involved in referrals in connection with domestic syndicated loan deals.

Development of Advisory Business

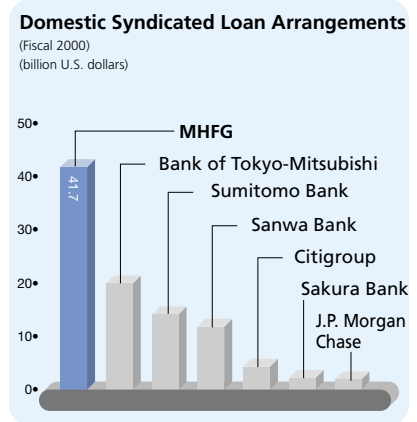
The cooperative relationships that MHFG is building with other financial institutions extend beyond asset management to a wide range of other activities. In recent cases, we provided assistance in such areas as management advisory services relating to mergers and consolidations of financial institutions and improvements in internal control systems such as integrated risk management and portfolio management.

Responding to Outsourcing Needs

In recent years, financial institutions have increasingly turned to outsourcing as a way of improving the efficiency of in-house operations. We regard catering to outsourcing needs as an important area of business. We offer a wide range of assistance in such areas as foreign exchange/yen settlements, foreign exchange/yen clearing services and defined contribution pension plans.



Source: Preliminary financial results for fiscal 2000. Researched by Mizuho Holdings.



Source: IFR Securities Data.

Glossary

Cross-selling

Cross-selling each other's products and services enables DKB, Fuji Bank, IBJ and other MHFG companies to respond to customers' needs with an optimized mix of financial services and capabilities.

EDI (Electronic Data Inter-change)

EDI allows orders, invoices and other transaction data to be exchanged electronically between different companies in standardized formats.

Public Sector Banking Business Unit

This BU serves national and local public sector entities and their affiliated organizations.

We aim to become the leading bank in the public sector market.

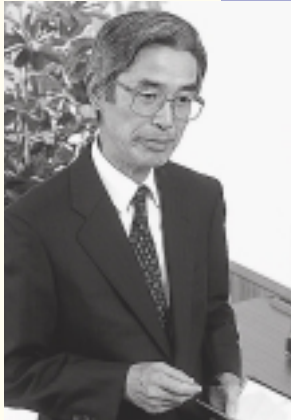
■ BASIC STRATEGY

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

- 1) A service network consisting of branches located throughout Japan.
- 2) Reliable, high-quality administrative services as a designated financial institution of local governments.
- 3) Securities-related services and top-quality financial services using state-of-the-art financial technology.

■ MHFG'S STRENGTHS

- We have extensive experience in dealing with national and local governments, special public corporations and other public agencies.



Shinji Kubo

Managing Executive Officer
Head of the Public Sector Banking
BU

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

National Government

- **Wide-Ranging Administrative Reform**
 - Reform of the Fiscal Investment and Loan Program (FILP).
 - Reorganization of national government ministries and agencies.
 - Reform of special public corporations.

Local Governments

- **Local Governments and Local Budgets Play Increasingly Important Role**
 - Progress in decentralization, administrative and fiscal reform.
 - Development of community welfare systems to cope with an aging society and a falling birthrate.

Responding to Increasingly Diverse, Sophisticated Customer Needs

- **Helping Organizations Provide More Efficient, More Effective Public Services**
 - Diversified financing and investment needs.
 - Operational efficiency needs.
 - Cost-cutting needs.

○ Achievements in Fiscal 2000

National Government

- **Involvement in FILP Agency Bond Issues**
 - As part of the reforms of FILP, 20 institutions are due to issue FILP agency bonds worth approximately ¥1.1 trillion from fiscal 2001 onwards.
 - Mizuho Holdings has played an active role in efforts to ensure that the issues go smoothly. For example, in November 2000 it cooperated with the group's five core subsidiaries in hosting the "Mizuho Public Sector Seminar" concerning FILP agency bonds.

Local Governments

- **Actively Contributing to Improving the Efficiency of Public Services**
 - We actively supported private finance initiatives (PFIs) as part of our response to diversifying government administrative needs.
 - We played the role of arranger and agent, and participated in a syndicated loan formed for a PFI scheme undertaken by the Tokyo Metropolitan Bureau of Waterworks. (A permanent power generation facility for the Tokyo Metropolitan Government's Kanamachi Purification Plants).

○ Plans for Fiscal 2001

National Government

● Response to FILP Reform and Reorganization of Government Ministries and Agencies

- A number of institutional reforms will take effect in fiscal 2001, including issues of FILP agency bonds, a shift to own-account investments of postal savings and pension reserves and the establishment of independent administrative institutions.
- We will respond appropriately and promptly to these institutional reforms and to the resulting need for efficiency improvements in financing, investment, and administrative organizations and services.

Local Governments

● Provide Appropriate Solutions to Meet Changing Administrative Needs

- Provide stronger branch network services.
- Propose efficient financing and investment methods.
- Maintain and improve the reliability and efficiency of operational services.
- Propose methods, such as PFIs, to improve the efficiency of public services.

○ Business Strategy of the Public Sector Banking BU

The customer base of the Public Sector Banking BU consists of public sector organizations, including national and local governments and related organizations. The BU offers a number of advantages and strengths, including (1) branch network services covering all of Japan, (2) reliable, high-quality administrative services as a designated financial institution of local governments and (3) securities-related services, including activities as commissioned bank and underwriting of public bonds, and superior financial services based on new FT. The BU uses these advantages and strengths to provide prompt and appropriate solutions to meet the diverse needs of its customers. In this way, the BU aims to build solid relationships based on mutual trust.

○ Business with National Public Sector Entities

—Proactive Response to Needs Arising Out of FILP Reforms and Reorganization of Ministries and Agencies

FILP Reforms

With sweeping reforms based on legislation, drastic changes are being made to the FILP. As part of the new legislation, the old system, under which all postal savings and pension reserves were deposited with the Trust Fund Bureau of the Ministry of Finance, has been abolished, and starting in April 2001, in addition to the funds and reserves being allowed to be invested autonomously through financial markets, a new system has also been put in place whereby special public corporations and other organizations are permitted to raise necessary policy funds in the market, preparing the way for issues of FILP agency bonds to be publicly subscribed. We will continue to respond dynamically to these increasingly diverse investment and financing needs.

Reorganization of Ministries and Agencies

In January 2001, the government implemented a restructuring program under The Basic Law for Central Government Reform that reduced the number of ministries and offices from 23 to 13. Starting in April 2001, services previously provided directly by the government will be progressively transferred to approximately 60 newly established independent administrative institutions. Under the administrative reform master plan adopted by the cabinet in December 2000, the activities and organizations of special public corporations will be reviewed through a rationalization plan that will be formulated during fiscal 2001. We will continue to provide an appropriate response to the need for improvements in the efficiency of administrative organizations.

○ Business with Local Public Sector Entities

—Effective Response to Diversifying Administrative Needs

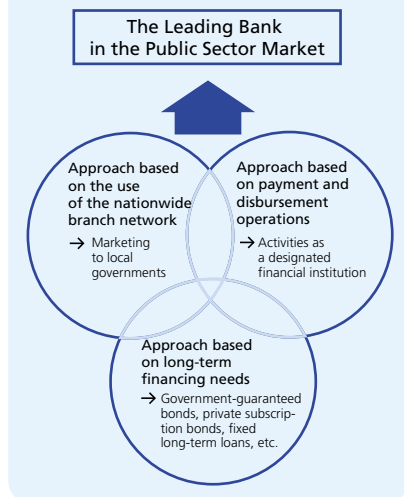
Local Government Administration

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

Business as a Designated Financial Institution

We are currently the designated financial institution for 35 local governments, most of which are based in the Tokyo metropolitan area. We are determined to fulfill the expectations of these customers by maintaining and enhancing our reliable, high-quality administrative services. In addition, our network includes a nationwide chain of manned branches, more than 1,100 fully automated service centers, ATMs in convenience stores and an Internet branch. We use these resources to provide finely tuned financial services to meet the needs of local governments and related organizations throughout Japan.

The Vision of the Public Sector Banking BU



Mizuho Public Sector Seminar on the subject of FILP agency bonds.

Glossary

Fiscal Investment and Loan Program Agency Bonds

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

Private Finance Initiatives

PFIs are financial structures whereby private sector funds and expertise are used in the design, construction and operation of public facilities, etc., and are an effective and efficient approach to the provision of public services.

*I*nternational Banking Business Unit

The customers of this BU include non-Japanese companies in the overseas market and their group companies, and overseas financial institutions.

We are determined to become the “best partner” for customers who are engaged in global business activities.

■ BASIC STRATEGY

Provide the best possible solutions to customers through our vast global network.

- 1) Offer leading-edge financial products on a global basis.
- 2) Provide advisory services based on a solid business base and presence in overseas financial markets.
- 3) Wide-ranging services via MHFG’s global network.

■ MHFG’S STRENGTHS

- Balanced global customer base.
- 70% coverage of Fortune 500 companies.



Minoru Itosaka

Managing Executive Officer
Head of the International Banking
BU

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

- Need for Global Financial Products in a Globalized, Borderless World Economy.
- Need for Highly Specialized Advice to Cope with the Rapid Growth of Foreign Business Investment and M&A Activity in Japan.
- Need for Competitive, High Value-Added Financial Services Geared toward Escalating Global Competition in Financial Markets.

○ Achievements in Fiscal 2000

- Cooperation among the Three Banks
 - Providing financial services that integrate the combined strengths of the three banks.
 - Joint hosting of lectures and seminars.
 - Producing major financing deals based on the combined underwriting capabilities of the three banks.
- Consolidation of Overseas Offices
 - Mizuho Bank Nederland N.V. starts operations (October 2000).
 - Mizuho Bank (Canada) starts operations (November 2000).
 - Consolidation of the Labuan Branch (including the Kuala Lumpur Marketing Office) (March 2001).
 - Consolidation of the Kuala Lumpur Representative Office (March 2001).
 - Consolidation of the Düsseldorf and Paris Branches (June 2001).

○ Plans for Fiscal 2001

- Promotion of the Mizuho Brand
 - Increased emphasis on business based on greater cooperation among the three banks.
- Completion of Overseas Office Consolidation
 - Plans call for consolidation to be completed by April 2002. Among other things, the operations of all overseas offices of the three banks are to be brought together and consolidated into integrated offices during fiscal 2001.

Regional Business Strategies

To be the No. 1 Comprehensive Financial Services Group in Asia

While there are considerable variations in the economic performances of individual countries, Asia as a whole is now recovering from the currency crisis of 1997 and moving toward a new phase of economic growth.

Asia is our home ground. In addition to our dealings with numerous Japanese companies that have expanded their operations in the region, we also work with major local companies as well as European and U.S. business groups and are actively involved in areas of business that require specialized financial expertise such as project finance and the arrangement of syndicated loans with the Japan Bank for International Cooperation (JBIC) and other institutions. We aim to become the leading comprehensive financial services group in Asia by contributing to the region's economic development.

Global companies from Europe and North America are increasingly moving into Japan. We offer the best range of products and services and the most powerful network of any financial group in Japan. By using the full potential of these resources, we aim to establish a position for ourselves as the best partner for these companies.

Aiming to Become the No. 1 Foreign Bank in the North American Market

The United States is the world's most sophisticated financial market. We provide not only conventional banking services for a wide range of customers, but we are also developing business activities based on advanced FT, including securitization and other forms of structured finance, as well as lease finance, project finance and derivatives. We aim to be the number one foreign bank in the North American market.

Major Global Player in Europe

The creation of the "eurozone" through monetary union has been followed by an upsurge in industry restructuring and M&A activity in European markets.

We see this as an opportunity to become a major global player in Europe by offering high value-added financial products throughout the region.

Main Products and Services

Syndicated Loans

—Global Top Ten Status

A syndicated loan is a solution to satisfy a customer's financing needs when a single bank cannot provide the necessary funds. With one bank acting as lead manager, or arranger, a group of multiple financial institutions raises the funds under specific lending terms and provides a loan based on a single loan agreement. This method allows companies to borrow large amounts of money through a single transaction. There are significant cost advantages because there is only one contract and loan repayments are made via a single contact.

We have built a powerful distribution capability through our business relationships with a wide range of foreign banks. This capability has enabled us to act as arranger in numerous syndicated loans in countries throughout the world. We compared favorably with the world's leading banks in the 2000 world rankings published by *International Financing Review (IFR)* magazine, and were the highest-placed Japanese bank.

Project Finance

—Leading the Japanese Banking Sector

Project finance is used for development and construction projects that require a substantial commitment of money and time such as resource and energy development schemes, plant construction, and the development of telecommunications and transportation infrastructure. Such projects continue for long periods of time and become economic units in their own right since repayments are funded from future cash flow.

We are involved in project finance on a global scale. We have stationed expert staff in a number of overseas locations, including New York, London, Singapore and Hong Kong and have acted as financial adviser or arranger for numerous projects. Our excellent reputation in the market is a reflection of our expertise in this field. We were the highest-ranking Japanese financial institution in the fiscal 2000 rankings published by *Project Finance International (PFI)* magazine.

Global Syndicated Loan Arrangers

(Amounts arranged, January 1–December 31, 2000)

| Ranking | | Amount (US\$ million) |
|---------|--------------------------|-----------------------|
| 1 | JP Morgan | 305,202.59 |
| 2 | Bank of America | 299,576.03 |
| 3 | Citibank/SSB | 225,739.05 |
| 4 | Barclays | 115,782.74 |
| 5 | Deutsche Bank | 87,994.16 |
| 6 | BancOne | 81,617.35 |
| 7 | ABN AMRO | 76,381.92 |
| 8 | MHFG | 70,731.70 |
| 9 | CSFB | 51,708.89 |
| 10 | HSBC | 46,433.24 |
| 11 | FleetBoston | 44,929.89 |
| 12 | BNP Paribas | 41,427.00 |
| 13 | Societe Generale | 41,424.85 |
| 14 | First Union | 34,655.90 |
| 15 | Commerzbank | 32,921.27 |
| 16 | Bank of Tokyo-Mitsubishi | 32,130.23 |
| 17 | RBS | 31,798.41 |
| 18 | Dresdner KB | 30,379.32 |
| 19 | UBS Warburg | 28,505.08 |
| 20 | Goldman Sachs | 27,473.55 |

Source: *IFR*.

Global Syndicated Loan Arrangers

(Numbers of loans arranged, January 1–December 31, 2000)

| Ranking | | No. of Deals |
|---------|--------------------------|--------------|
| 1 | Bank of America | 1,465 |
| 2 | JP Morgan | 977 |
| 3 | Citibank/SSB | 799 |
| 4 | BancOne | 442 |
| 5 | FleetBoston | 437 |
| 6 | Deutsche Bank | 400 |
| 7 | ABN AMRO | 365 |
| 8 | Barclays | 351 |
| 9 | MHFG | 330 |
| 10 | First Union | 298 |
| 11 | BNP Paribas | 212 |
| 12 | Societe Generale | 210 |
| 13 | Commerzbank | 203 |
| 14 | Bank of Nova Scotia | 188 |
| 15 | CSFB | 182 |
| 16 | Credit Lyonnais | 176 |
| 17 | WestLB | 171 |
| 18 | Bank of Tokyo-Mitsubishi | 166 |
| 19 | Dresdner KB | 154 |
| 20 | HSBC | 152 |

Source: *IFR*.

Global Project Finance Arrangers

(Results for January 1–December 31, 2000)

| Ranking | | Amount (US\$ million) | No. of Deals |
|---------|----------------------------|-----------------------|--------------|
| 1 | Citigroup | 11,927 | 51 |
| 2 | Societe Generale | 9,616 | 30 |
| 3 | Bank of America Securities | 9,370 | 33 |
| 4 | ABN AMRO | 7,875 | 31 |
| 5 | JP Morgan | 7,472 | 24 |
| 6 | CSFB | 6,719 | 10 |
| 7 | WestLB | 6,716 | 37 |
| 8 | Deutsche Bank AG | 6,487 | 22 |
| 9 | BNP Paribas | 3,712 | 24 |
| 10 | Barclays Capital | 3,423 | 23 |
| 11 | Dresdner KB | 3,155 | 24 |
| 12 | Merrill Lynch | 2,631 | 4 |
| 13 | Bank of Nova Scotia | 2,165 | 6 |
| 14 | MHFG | 1,976 | 14 |
| 15 | Goldman Sachs | 1,832 | 3 |
| 16 | HSBC | 1,464 | 1 |
| 17 | Credit Lyonnais | 1,339 | 9 |
| 18 | Bank of Tokyo-Mitsubishi | 1,272 | 7 |
| 19 | Abbey National | 1,200 | 7 |
| 20 | Bank of Montreal | 1,040 | 5 |

Source: *PFI*.

Securities and Investment Banking Business Unit

This BU handles all the securities business and investment banking business conducted by MHFG companies.

Creating the first fully fledged Japanese-style investment bank.

■ BASIC STRATEGY

The BU is engaged in the securities and investment banking business conducted by Mizuho Securities as a core company.

- 1) Establish a business base for Mizuho Securities.
- 2) Create a multi-faceted collaboration of the securities and investment banking functions.

■ MHFG'S STRENGTHS

- Mizuho Securities: No. 1 in value in lead management of the domestic straight bond issues for institutional investors (21% share excluding city bank SBs, etc.) (October 2000–March 2001).
- Mizuho Securities: No. 1 in value of the domestic asset-backed securities issues in which it acted as lead manager (45% share) (October 2000–March 2001).
- Ranked 7th in M&A advisory banking in transactions involving purchases of Japanese companies (based on transaction value; from research by Thomson Corporation, Japan) (January–December 2000).



Mitsunori Kanesaka

Managing Executive Officer
Head of the Securities and
Investment Banking BU

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

- Sustained Expansion of Direct Financing Markets
- Escalation of Competition across Industry Boundaries (Among Big Four Financial Groups, Major Securities Firms and Foreign Financial Institutions, etc.)
- Growing Trend toward Efficient Corporate Management Focused on ROA and ROE
- Increasing Need for Company Balance Sheet Improvements Following Introduction of Market Value Accounting and Other New Accounting Standards
- Buoyant Demand for Products that Match Companies' Business and Financial Strategies
- Increased Need for Business Restructuring Services Following the Enforcement of the Civil Rehabilitation Law and Progress in Disposing of Non-Performing Loans

○ Achievements in Fiscal 2000

- Mizuho Securities
 - Started business in October 2000 following the merger of DKB Securities, Fuji Securities and IBJ Securities.
- Swiss and U.K. Securities Subsidiaries Consolidated
 - Mizuho Bank (Schweiz) established (October 2000)
 - Mizuho International established (December 2000)
- Increase in Investment Banking Earnings
 - Dramatic increase of approximately 60% over the previous fiscal year's result, mainly because of growth in M&A, acquisition financing, etc.
- Planning of Investment Banking Structure for Phase 2 and Beyond
- Preparations to Establish the Real Estate Investment Trust

○ Plans for Fiscal 2001

- Establishing a Business Structure with Mizuho Securities as a Core Company
 - Establish business base and develop integrated operations with overseas securities subsidiaries.
- Full-Scale Start-up of Investment Banking Services by Mizuho Securities
- Consolidation of Overseas Securities Subsidiaries
 - Consolidation of U.S. subsidiaries.
- Reinforce Cooperation with Mizuho Investors Securities and Shinko Securities
- Studies on Consolidation of Venture Capital Companies and Commissioned Bank Business
- Full-Scale Launch of the Real Estate Investment Trust
- Active Development of New Securities Products

○ Mizuho Securities Starts Full-Scale Investment Banking Services

On May 1, 2001, we established an enhanced investment banking business structure that encompasses advisory services relating to M&A and other activities (hereinafter referred to as “M&A”), the arrangement of securitization and liquidation and the arrangement of leases and other financial products (hereinafter referred to as “structured finance”).

Inaugurating these services, which were previously handled by the three banks, will allow Mizuho Securities to provide a comprehensive range of services in the key area of investment banking.

○ Establishing a Business Structure with Mizuho Securities as a Core Company

Integrating the Operations of Mizuho Securities and Overseas Securities

Subsidiaries

We will build a global network with Mizuho Securities as its hub to provide customers with a wide range of products and services in Japan and overseas.

Closer Cooperation between Mizuho Securities and MHFG Retail Firms

Mizuho Securities will work in unison with Mizuho Investors Securities and strengthen cooperation with Shinko Securities. This will enable us to offer integrated services covering both the wholesale market and the middle/retail market.

○ Overview of the Securities Business

Mizuho Securities’ Bond-Related Business

The bond-related services of Mizuho Securities include underwriting, sales and trading. It rivals Japan’s Big Three securities firms in terms of its underwriting share of domestic SBs and its share of customer trading in public and corporate bonds. Mizuho Securities aims to hold its position as a market leader by using the strength of its product lineup and the overwhelming size of its customer base.

Mizuho Securities’ Equity-Related Business

Equity-related services provided by Mizuho Securities include underwriting, sales and trading and equity derivatives business. Since the full deregulation of the equity business in October 1999, Mizuho Securities has established a business infrastructure to create its equity business base. Achievements in the area of equity underwriting include the appointment of Mizuho Securities as lead manager for six IPOs. It is also in the top ten in analysts’ rankings.

Progress in Consolidation in Preparation for Phase 2 (Venture Capital)

In the area of venture capital, we are looking into consolidating our three venture capital firms as a way of maximizing the group’s overall resources and capabilities in this field.

○ Overview of Investment Banking Business

Structured Finance-Related Business

Mizuho Securities works closely with the three banks in providing a full range of services in this area, including ABCPs, ABSs, leases and other financial products, and real estate non-recourse loans.

M&A

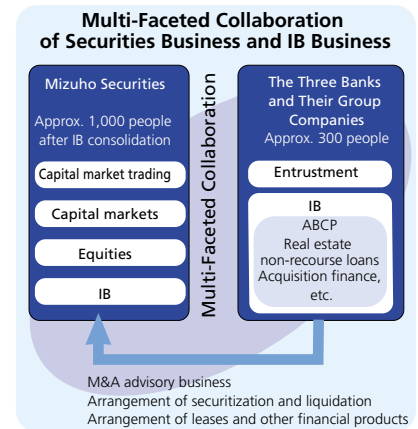
We tailor our advisory services relating to business M&A to customers’ business strategies. These services include analyses of corporate data, calculations of acquisition prices and merger ratios and advice about financing. We also see M&A as a way of supporting corporate rehabilitation, including the arrangement of potential purchasers for companies whose businesses still have the potential for recovery.

Acquisition Finance (Including MBOs) and Related Business

We provide advice on financing for various types of acquisition deals. We also handle arrangements for all aspects of MBOs. In addition, we are engaged in arranging finance for companies that are undergoing rehabilitation and have the potential for recovery.

Full-Scale Start-Up of Real Estate Fund

We plan to launch a corporate-type investment trust real estate fund, and to list the fund’s equities on the Tokyo Stock Exchange.



Domestic SB League Table

(Wholesale bonds, excluding city bank SBs, etc.)
(Second half, fiscal 2000)
Lead Management Issues
Total issues: ¥2,097.0 billion

| Ranking | Securities company | Lead management issues (¥ billions) | Market share (%) |
|---------|-----------------------------|-------------------------------------|------------------|
| 1 | Mizuho Securities | 452.0 | 21.55 |
| 2 | Nomura Securities | 383.3 | 18.28 |
| 3 | Nikko Salomon Smith Barney | 311.7 | 14.86 |
| 4 | Daiwa Securities SMBC | 233.3 | 11.13 |
| 5 | Morgan Stanley Dean Witter | 155.0 | 7.39 |
| 6 | Sakura Securities | 146.5 | 6.99 |
| 7 | Tokyo-Mitsubishi Securities | 133.3 | 6.36 |
| 8 | Merrill Lynch | 93.3 | 4.45 |
| 9 | Kokusai Securities | 40.0 | 1.91 |
| 10 | Shinko Securities | 36.0 | 1.72 |

Source: Mizuho Securities research.

Domestic ABS League Table

(Second half, fiscal 2000)
Lead Management Issues
Total issues: ¥309.1 billion

| Ranking | Securities company | Lead management issues (¥ billions) | Market share (%) |
|---------|--|-------------------------------------|------------------|
| 1 | Mizuho Securities | 140.5 | 45.46 |
| 2 | Sanwa Securities | 32.9 | 10.65 |
| 3 | Deutsche Securities | 29.4 | 9.51 |
| 4 | Daiwa Securities SMBC | 25.9 | 8.38 |
| 5 | BNP Paribas | 19.2 | 6.21 |
| 6 | Goldman Sachs | 16.7 | 5.39 |
| 7 | CSFB | 16.7 | 5.39 |
| 8 | Tokai International Securities Co., Ltd. | 16.2 | 5.25 |
| 9 | Nikko Salomon Smith Barney | 10.5 | 3.40 |
| 10 | J.P. Morgan Securities | 1.1 | 0.36 |

Source: Mizuho Securities research.

Glossary

IPO=Initial Public Offering, **MBO**=Management Buyout, **ROA**=Return on Assets, **ROE**=Return on Equity

*T*rust and Asset Management Business Unit

This BU handles asset management and administration services for group companies.

We aim to become a top player in the areas of asset services business and defined contribution pension plans.

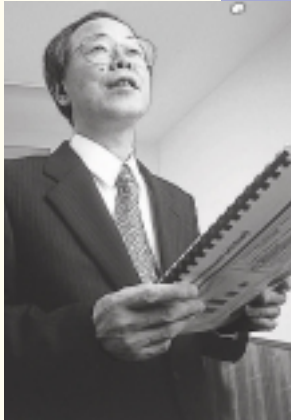
■ BASIC STRATEGY

- 1) Become one of the world's leading asset management groups in terms of both quality and assets under management.
- 2) Secure a position as a front-runner in the field of defined contribution pension plans.
- 3) Commit resources to priority areas, including master trusts and other forms of asset services business.

■ MHFG'S STRENGTHS

- Total assets managed by group-affiliated asset management firms: ¥12 trillion, including ¥5 trillion in pension funds in Japan.
- Net investment trust assets managed by group-affiliated asset management firms: ¥3 trillion.
- Mizuho Trust & Banking: Outstanding assets managed through trust services: ¥11 trillion. Assets under management: ¥31 trillion

(All figures as of March 31, 2001)



Seiji Sugiyama

Managing Executive Officer
Head of the Trust and Asset
Management BU

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

- Low Interest Rates and Increased Need for Asset Management
- Preparing for Retirement in an Aging Society with a Falling Birthrate
- Expanding Pension Systems
 - Ongoing enhancement of pension systems, including a review of defined benefit pension plans and the introduction of defined contribution pension plans and changes in design of company pension schemes.
- Diversifying and Increasingly Sophisticated Asset Administration Needs
 - Need for an appropriate and efficient response to the introduction of market value accounting and reforms of securities settlement systems (T+1, etc.). Growing need for administrative rationalization.
 - Asset administration outsourcing needs of investors, including Japanese institutional investors, become more sophisticated and diverse.

○ Achievements in Fiscal 2000

- "Mizuho Fund Collection" Launched
- Defined Contribution Plan Services Established
 - The three banks, Mizuho Trust & Banking and four life insurance companies (Asahi Mutual Life Insurance, Dai-ichi Mutual Life Insurance, Fukoku Mutual Life Insurance and Yasuda Mutual Life Insurance—"the four life insurance companies") jointly established Defined Contribution Plan Services to provide services relating to defined contribution pensions.
- Mizuho Trust & Banking Established
 - Mizuho Trust & Banking was created in October 2000.
 - Mizuho Trust & Banking (Luxembourg) was established in October 2000 through the merger of four overseas subsidiaries.
- Trust & Custody Services Bank Established
 - A trust bank specializing in asset services business, including master trust business, was established jointly by Mizuho Trust & Banking and the four life insurance companies.

○ Plans for Fiscal 2001

- Increase Range of Product Lineup of the Mizuho Fund Collection
- Prepare for Launch of Defined Contribution Pension Plans
 - We will make preparations for providing a full range of products and services in readiness for the expected introduction of these plans in order to become a leader in this field.
- Develop a Product Marketing Structure for Mizuho Trust & Banking
 - We will enhance its marketing capabilities by establishing specialist product marketing structures for each major business area.
 - The introduction of a trust agency system is being considered for when necessary legislation takes effect.
- Establish a Market Presence for the Trust & Custody Services Bank
 - The asset services operations of the eight participating companies, including the four life insurance companies, will be integrated and their human resources and expertise will be pooled to establish a solid position for itself in the market.

○ Asset Management

Enhancing the Investment Trust Product Lineup and Developing a High-Quality Investment Trust Business Structure

The Mizuho Fund Collection has been very popular since its launch in October 2000. In June 2001, the three banks added three other highly respected funds to the collection. The range will be steadily expanded in the future, and the products will be marketed through the three banks' network of 640 offices in Japan to meet the asset management needs of customers.

The three banks will share the resources they have accumulated in the area of sales expertise and systems infrastructures, including the methods they use for analyzing customer needs, building portfolios and providing after-sales care. This combined marketing approach will allow us to provide our customers with high-quality services.

Defined Contribution Pension Services

We are applying our total resources and capabilities to the creation of a structure capable of offering integrated services for the introduction of defined contribution pension schemes. The structure will include consulting services for companies, an extensive range of products and member support provided by a newly established company, Defined Contribution Plan Services.

Unique Asset Management Companies

With some ¥12 trillion in assets under management as of March 31, 2001 (including ¥5 trillion in domestic pension investments), Dai-ichi Kangyo Asset Management, Fuji Investment Management and DLIBJ Asset Management (DIAM) are among Japan's leading asset management companies.

All three offer a variety of investment products based on their own unique investment philosophies and styles. They handle numerous funds, including funds that have maintained long-term growth, and funds that are highly rated by independent investment trust evaluation organizations. We will continue to strengthen our capabilities in this field in order to provide customers with the best possible products and services.

○ Trust Services

Mizuho Trust & Banking

Since April 2001, Mizuho Trust & Banking has been building product-specific business structures capable of providing specialized support in the key business areas of pension trusts, asset management, custody administration and stock transfer agency services, and securitization. For when the necessary legislation is in place, we are considering making the three banks trust agents of Mizuho Trust & Banking as part of our efforts to provide the best possible services to customers. As for the consolidation of overseas trust subsidiaries, Mizuho Trust & Banking (Luxembourg) and Mizuho Trust & Banking (U.S.A.) in New York have been completed.

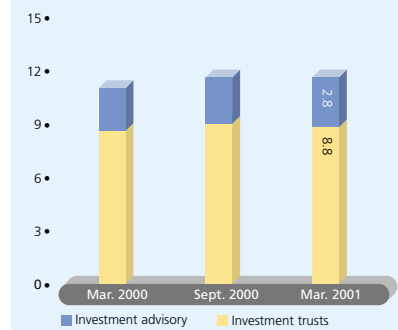
Asset Services Business

In January 2001, we established Trust & Custody Services Bank with joint equity participation from Mizuho Trust & Banking and the four life insurance companies. The new bank provides asset services business, including master trust operations. The asset services operations of the eight participants, including the four life insurance companies, have been centralized under the new bank. The synergies achieved by combining the human resources and expertise of the eight companies will allow Trust & Custody Services Bank to build the sophisticated asset services infrastructure required to provide customers with high-quality services.

The domestic and foreign securities custody services provided by the three banks to Japanese institutional investors will also be integrated under Trust & Custody Services Bank.

Trends in Outstanding Assets under Management by Affiliated Asset Management Companies

(trillion yen)

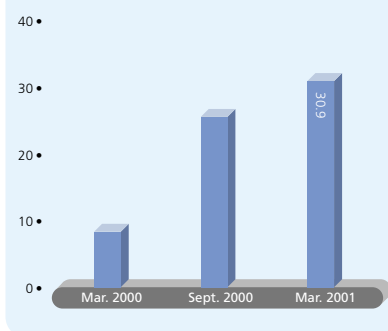


Awards and Ratings (Asset Management Products)

| Result | Sponsor/evaluator |
|--|--|
| • Dai-ichi Kangyo Asset Management Morningstar Fund of the Year 1999 | Morningstar |
| Standard & Poor's Select Fund (June 2000) | Standard & Poor's |
| • Fuji Investment Management U.K. subsidiary ranked first among 49 U.K. pension funds in terms of nine-year investment results. (Range of ranking survey: "Mixed with Property" (wide range of investments, including U.K. stocks, world stocks and real estate). (as of December 2000)) | Source: CAPS* CAPS is a leading U.K.-based provider of investment performance measurement services. |
| • DLIBJ Asset Management Morningstar Fund of the Year 2000 | Morningstar |
| Three funds awarded highest rating (AAAFp) (fiscal 2000) | Rating and Information (R&I) |

Outstanding Trust Assets of Mizuho Trust & Banking

(trillion yen)



*Asset management services were transferred from Yasuda Trust & Banking in October 1999.

e-Business and Global Transaction Services Business Unit

This BU specializes in developing new products and services that take full advantage of IT and in streamlining settlement infrastructure.

We will establish advanced settlement and e-business models.



Yoneo Sakai

Managing Executive Officer
Head of the e-Business and Global
Transaction Services BU

■ BASIC STRATEGY

- 1) Establish a de facto standard for next-generation settlement systems, perhaps leading to potential strategic alliances.
- 2) Build up the clearing business by centralizing settlement operations and using IT more extensively.

■ MHFG'S STRENGTHS

- A leading Japanese bank in the field of Internet banking, with approximately 420,000 subscribers.
- The No. 1 Japanese bank in the debit card business, with an approximately 35% share of total sales by affiliated merchants.
- Top-class Japanese bank in the field of firm banking ("FB"), with contracts with some 84,000 companies.
(The figures above are the aggregated totals of the three banks as of March 31, 2001.)
- The No. 1 Japanese bank (approximately 32% share) in foreign exchange/yen clearance services.
- The No. 1 Japanese bank (approximately 45% share) in yen custody services for foreign institutional investors.
(The figures above are the aggregated totals of the three banks as of September 30, 2000.)

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

- We are rapidly expanding our involvement in new frontier areas, responding to the rapid growth of e-commerce and cross-border business by integrating our e-commerce services such as EDI, Identrus and global CMS with our settlement and foreign exchange services.
- Supply Chain Management (SCM): Customers require increasingly sophisticated support, including more diverse settlement formats and the ability to use Web-based systems.
- We provide advanced IT solutions that precisely match customer needs.
- By integrating our know-how and processing resources and applying IT, we are able to improve efficiency and strengthen settlement risk management.

○ Achievements in Fiscal 2000

- "em-town" Opens for Business
 - The "em-town" portal site and the Fuji Bank "em-town Branch" opened in January 2001.
- Expanded Internet Banking Services
 - Service levels were further enhanced by the addition of new services, including sales of lottery tickets and links with online securities companies.
- New CMS Service Launched
 - The three banks jointly launched Mizuho Advanced CMS in December 2000. The system supports centralized cash management for corporate groups.
- Yen Custody Services Expanded
 - Fuji Bank and IBJ received top ratings by the *Global Custodian* magazine in its September 2000 edition.
- New Fund and Securities Settlement Services Launched
 - Following the introduction of Real-Time Gross Settlements into Japan, we began to offer settlement processing services to life insurance companies and securities companies.

○ Plans for Fiscal 2001

- Promote "em-town" Business
 - The portal site will be marketed aggressively.
 - Alliances will be used to expand market share.
- Launch of New Global CMS
 - The new system was jointly developed by the three banks and introduced in April 2001.
- Identrus Electronic Certification System
 - Develop an electronic certification scheme specifically by financial institutions.
- Enhance the Yen Clearing System
 - We will introduce a settlement service for financial institutions based on the system operated by the Continuous Linked Settlement Bank ("CLSB"), a newly established institution for international settlements in multiple currencies.
- Develop a New Yen Custody System
 - The new system is being developed in anticipation of changes in international securities settlement systems. It is expected to gain considerable support in the market.
- Promote e-Commerce Systems for Cross-Border Settlements
 - We have established World Gateway to promote trade finance EDI in Japan.

○ **e-Business: Building the Next Generation of Businesses**

IC Cards

We will lead the way in issuing IC cards with combined credit and cash card functions, based on the specifications established by the Japanese Bankers Association, and multifunction IC cash cards for closely associated companies.

In conjunction with the “em-town” project, we will work to bring the real and virtual worlds together by introducing new functions, including the ability to download applications and points.

Internet Banking

Public acceptance of the Internet is reflected in rapid growth in the number of Internet banking users and the number of transactions.

The Internet is an extremely convenient channel for individual customers, and we will continue to expand our involvement in this area, including the development of exclusive services. We will also adapt dynamically to new media, including mobile Internet access service and BS digital broadcasting.

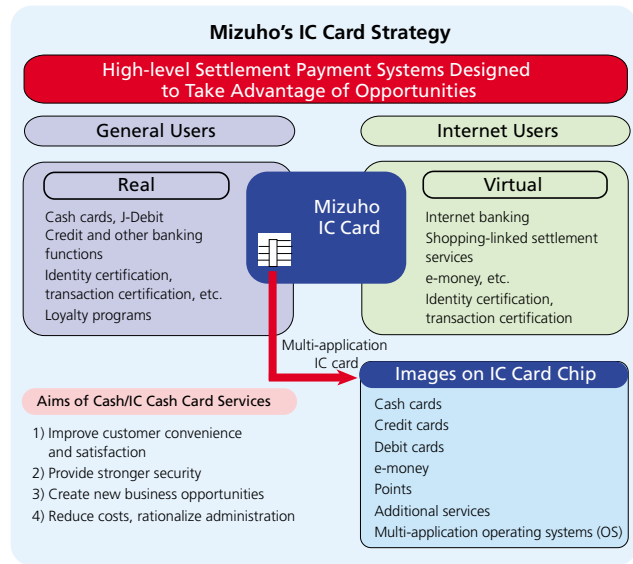
Global CMS

In April 2001, we started a new Web-based service jointly developed by the three banks to meet the cross-border cash management requirements of companies that have expanded overseas.

The new system includes screen displays in Japanese, English and Chinese and 24-hour help-desk support. It will be introduced progressively as overseas branches are consolidated.

B2B e-Commerce

Thanks to our broad customer base and extensive know-how, we are able to provide a variety of financial services, including settlement and credit, to meet the needs of the marketplace. We are also building alliances with the leading software vendors and independent Internet sites.



Global CMS Web Pages

○ **Global Transaction Services and Foreign Exchange:**

Reinforcement of Clearing Business and Improvements in Foreign Exchange Administration

Yen Clearing Services

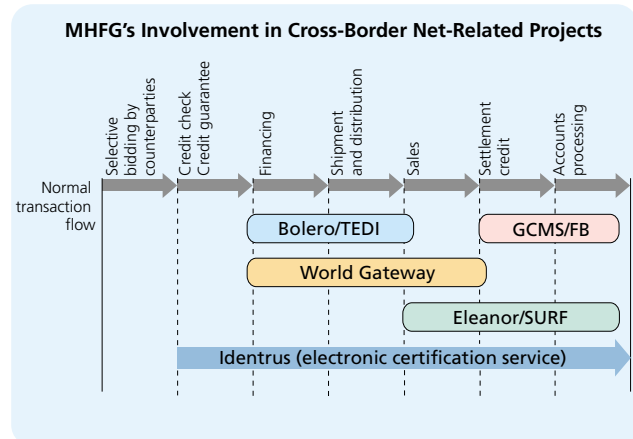
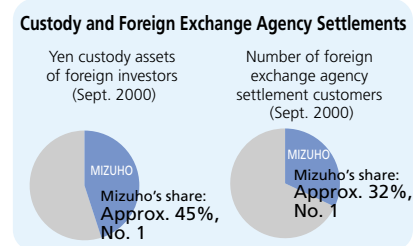
In addition to our overwhelming market presence, we offer attractive products and services geared toward IT and e-commerce. We are working to expand our foreign exchange/yen clearing services and our agency settlement services for the CLSB with regional banks, as well as our foreign exchange/yen clearing services with foreign banks. We are also working to build strong links with other banks and to improve our profitability.

Yen Custody

The consolidation of the three banks has given us an important advantage in the area of Japanese stocks and bonds. We are a top custodian among Japanese banks, and our services are used extensively by many overseas institutional investors. We have started work on developing a new system in anticipation of the shift to DVP (Delivery versus Payment) settlements and a shorter settlement cycle (T+1).

Next-Generation, Cross-Border Settlement Systems and Foreign Exchange Services

We are an active participant in various next-generation, cross-border settlement system projects, namely Bolero, TEDI, Eleanor/SURF and Identrus. Based on this extensive know-how, we established World Gateway with the aim of providing quick, efficient e-solutions in step with the take-up of IT by customers. Also, as part of our consolidation process, we will integrate our foreign exchange administration subsidiaries and external communications systems. This will result in a structure that is able to meet a wide range of customer needs.



ALM and Trading Business Unit

The role of this BU is to supply customers with foreign exchange, derivatives and other market products, and to handle trading operations, including market making. It is also responsible for comprehensive asset and liability management ("ALM") for all banking activities.

Our aim is to build a stable earnings structure by reinforcing our risk management capabilities and establishing ourselves as a global player.

■ BASIC STRATEGY

- 1) Respond accurately to a wide range of customer needs.
- 2) Enhance our risk management functions.

■ MHFG'S STRENGTHS

- Synergies arising from the largest customer base in Japan.
- Ability to develop products based on IT and FT.
- Skilled personnel with highly specialized knowledge.
- Advanced ALM methods.



Yasuo Tsunemi

Managing Executive Officer
Head of the ALM and Trading BU

■ ACHIEVEMENTS IN FISCAL 2000 AND PLANS FOR FISCAL 2001

○ Business Environment and Customer Needs

● Market Environment in Fiscal 2000

- Domestic market interest rates rose temporarily in summer. However, rates subsequently fell again because of economic stagnation. U.S. interest rates peaked after the FRB's rate hike in May but shifted to a downward trend and that has accelerated since the end of the year after a slow growth forecast.

● Growing Customer Demand for Hedging Services

- Balance sheet management has taken on growing importance for companies in recent years. In addition to risk associated with exchange and interest rates, companies increasingly need to hedge against risks relating to equities, products, credit and various events.

● Advances in IT and FT

- There is a need to develop optimized hedging tools capable of controlling business risk using leading-edge FT. In addition, the rapid trend toward Net business has created a need for business models capable of accommodating new advances in IT and FT.

○ Achievements in Fiscal 2000

● Operations in Fiscal 2000

- We worked closely with our offices to provide a more proactive response to customer needs. By responding flexibly to declining U.S. and yen interest rates in the second half of the year, we were able to achieve a successful performance.

● Expanding Customer Transactions

- We assisted more customers than ever in a wide range of products, including foreign exchange, derivatives and CP, by providing risk hedging schemes tailored to customer needs.

● New Derivative Products

- We introduced a variety of new derivatives in response to customer needs. These included "weather derivatives" to hedge against weather-related risks associated with temperature and rainfall.

● Consolidation of Overseas Derivatives Subsidiaries

- Overseas subsidiaries specializing in derivatives were consolidated into Mizuho Capital Markets Corporation in January 2001.

○ Plans for Fiscal 2001

● Operations in Fiscal 2001

- We will continue to use our sophisticated know-how to respond positively to customers' needs. We will also strengthen our market-making functions and maintain ALM and trading operations that reflect trends in interest rates, exchange rates and other factors.

● Maximizing Synergies

- We will continue to provide optimized solutions for the three banks' customers through cross-selling, whereby derivatives and other advanced financial products are supplied and sold within the group.

● Utilizing IT and FT

- Customer convenience is a top priority for us. We are actively seeking new business through the development of new products and services, including an Internet-based foreign exchange system that allows customers to carry out direct transactions, an Internet-based derivatives system for branches and new derivatives products based on advanced FT.

○ Market Operations: Sales and Trading

Responding to Customer Needs

The environment in which businesses operate changes dynamically. We offer risk hedging schemes and advice to meet the financial risk control needs of our customers in addition to supplying derivatives (swaps and options, etc.), foreign exchange, CP and other short-term financial products.

In recent years, investors have increasingly paid attention to the risk management capabilities of companies. In addition to conventional interest and exchange rate derivatives, we are able to offer customers a wide range of new derivatives based on such factors as crude oil and other commodities, credit, the weather and equities. These products help customers exercise proper control over business risks in their balance sheets. We are also actively involved in the Net-business sector, including direct transactions with customers via the Internet.

Using the networks, human resources, expertise and product development capabilities of the three banks, we are able to offer services and market-linked products that are finely tuned to the needs of our customers.

Global Network

We maintain a market trading network that links Tokyo, London, New York, Singapore and Hong Kong. This network enables us to provide services to meet the needs of our globally active customers. We are also equipped to provide timely services under the best possible terms and conditions, thanks to a 24-hour market-making system for currency options and foreign exchange.

Trading Based on Advanced Risk Management

Links among the world's major markets are expanding. We are building a structure capable of using advanced financial engineering and risk management systems to provide a wide range of financial products, including exotic derivatives, at competitive prices.

○ Banking Operations: ALM

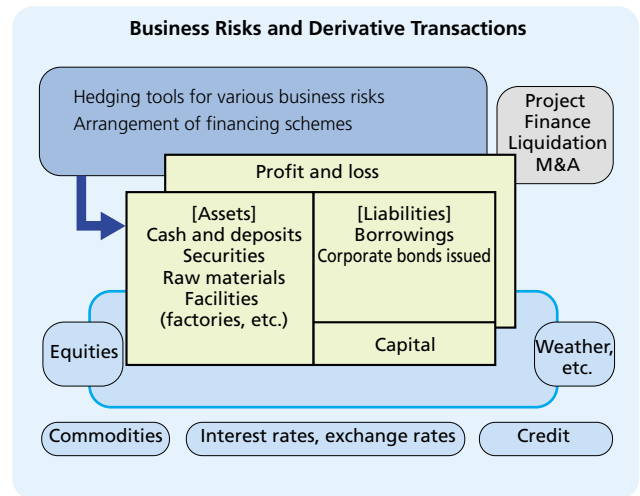
Asset and Liability Management

ALM for all three banks is managed by the ALM Market Risk Committee of Mizuho Holdings, which is chaired by the Deputy President. This committee and other organizational elements discuss and adjust risk planning and monitor the operational situation. The three banks use indicators such as VAR (Value at Risk) and BPV (Basis Point Value) for managing their individual bond portfolios and monitoring interest rate gaps arising in connection with their deposits and loans. The ALM committee of each bank assesses risks and uses derivatives and other tools to manage them. This approach stabilizes and strengthens the group's earning structure.

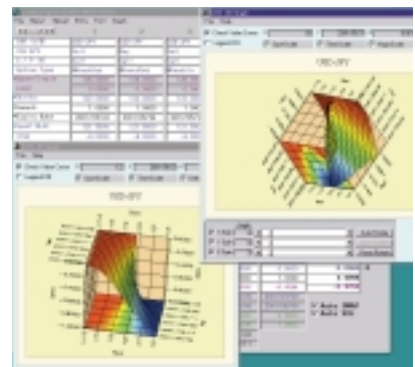
Cash Flow Management

We successfully established integrated cash flow management skills for both yen and foreign currencies by analyzing the funds gap, calculating available and required fund amounts accurately.

We keep sufficient liquid assets that can readily be turned into cash in the event of sudden market shifts, and to maintain precise control of fund flows, we introduced a variety of risk management indicators.



Mizuho Dealing Room.



Using Advanced Financial Technology.

■ BUSINESS TOPICS

DKB introduces easy-to-use ATMs

DKB has introduced a new ATM that will make ATM usage easier, especially for physically challenged customers such as customers with eyesight difficulties and for customers unfamiliar with the operation of ATMs. In addition to a telephone-based assistance system, the new ATMs offer audio and on-screen guidance which matches the customer's pace. Also, the new ATMs are designed so that they can be easily accessed and used by customers in wheelchairs.



April 2000

IBJ advises on major M&A deal

Leveraging its experience gained through involvement in a large number of past transactions, IBJ continued to provide advisory services for numerous M&A deals in 2000. Major deals during the year included the sale of Nissan Motor Co., Ltd.'s aerospace division to Ishikawajima-Harima Heavy Industries Co., Ltd. and the consolidation of The Setouchi Bank, Ltd. and The Hiroshima-Sogo Bank, Ltd.



Photo courtesy of NASDA

June 2000

Fuji Bank arranges financing for Russian giant gas pipeline project

Fuji Bank acted as sole lead arranger and agent for a US\$630 million facility to finance a gas pipeline link between Russia and Turkey. The project, proudly stated by the Japanese government as symbolic of the reopening of finance to Russia, involves support from Nippon Export and Investment Insurance and the Japan Bank for International Cooperation. The project is the first large-scale financing project involving Russia from the western world since that country's financial crisis in 1998.



April 2000

DKB serves as lead arranger of Japan's first PFI project

As lead arrangers, DKB and the Development Bank of Japan signed an agreement in October 2000 to provide financing for the Tokyo Metropolitan Bureau of Waterworks' co-generation power project, Japan's first Private Finance Initiative (PFI) project. The financing for the project was provided in November 2000.



Photos courtesy of Tokyo Metropolitan Bureau of Waterworks

October 2000

DKB Internet Bank offers lottery tickets, foreign currency deposit services and investment trust services online

DKB has expanded and enhanced the service menu of its Internet banking services. In addition to around-the-clock account balance inquiries, funds transfers and deposit and other traditional services, the DKB Internet Bank now handles lottery tickets, foreign currency deposits and investment trusts. This is the first time that a Japanese bank has offered lottery tickets over the Internet.



December 2000

Fuji Bank begins sales of *Balance Monogatari* lifecycle investment trust

Fuji Bank has begun sales of the *Balance Monogatari* lifecycle investment trust, a product made up of three funds with different risk levels. With *Balance Monogatari*, it is possible for investors to freely switch among the funds at no charge. As of April 2001, the outstanding balance of the fund exceeded ¥30 billion.



December 2000

Fuji Bank serving as financial advisor for Taiwan high-speed rail (Taiwan Shinkansen) project

Fuji Bank is serving as financial advisor to a consortium of Japanese companies (four trading companies and three manufacturers) involved in Japan's first Shinkansen train system export project, a high-speed railway in Taiwan to link Taipei with Kaohsiung, a distance of 345km. Fuji Bank helped to lead the consortium to the successful signing of a US\$3 billion contract for the export of railroad equipment.



December 2000

Seven IBJ project financing deals signed in 2000 receive Deal of the Year awards

Including the CBK Power Project in the Philippines, seven project financing deals for which IBJ acted as lead arranger and signed in 2000 were selected for Deal of the Year awards by the *Project Finance International* ("PFI"), the *International Financing Review* ("IFR") and other publications.



PFI Yearbook 2001

January and February 2001

IBJ arranges three major MBO deals

During fiscal 2000, IBJ arranged three major management buyout (MBO) deals, including Nissan Motor Co., Ltd.'s sale of Vantec Corporation, a logistics subsidiary. All three deals ranked among the largest ever in Japan, and each deal brought to bear IBJ's advanced capabilities of analyzing business risks and creating innovative financial structures.



January 2001

Lottery tickets offered for sale at Fuji Bank ATMs

Fuji Bank has started the *Fuji Takarakuji Service* by which it is possible to easily purchase numbers-style lottery tickets (Numbers 3, Numbers 4, Mini Lotto, Lotto 6) from 3,000 Fuji Bank ATMs nationwide. This service marks the first time for lottery tickets to be sold through bank ATMs in Japan.



March 2001

IBJ securitization deal selected for Deal of the Year award

IFR has selected The Dai-ichi Mutual Life Insurance Company's MAGIC home mortgage securitization deal for its Japanese Securitization Deal of the Year 2000 award. Arranged by IBJ and involving more than ¥230 billion, MAGIC is the largest securitization deal ever concluded in Japan.



January 2001

Japan's first comprehensive payment management system

DKB has developed and launched the *Payment Manager*, Japan's first payment management system that enables centralized management of payments via bank transfers for everything from public utilities and lease fees to taxes and rent.



April 2001



Internal Control Systems of MIZUHO

Chapter 5

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Internal Control Systems of MIZUHO

■ RISK MANAGEMENT STRUCTURE OF MIZUHO

○ Commitment to Risk Management

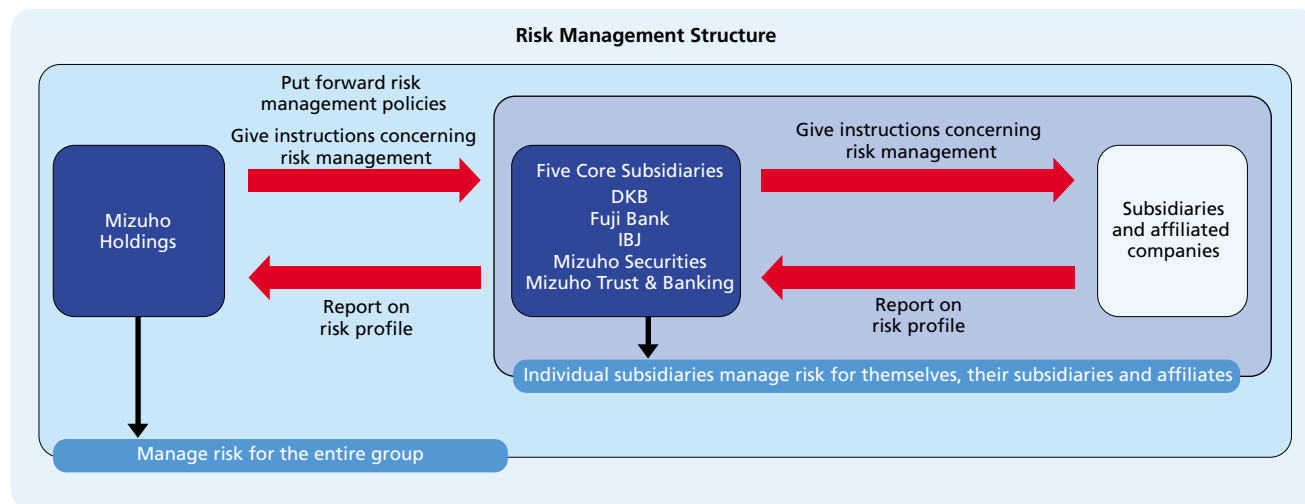
Basic Approach

Progress in financial deregulation and internationalization has led to rapid growth in the diversity and complexity of banking operations, exposing financial institutions more than ever to various kinds of risk such as credit, market operations, IT, legal and settlement risks. We are well aware that in order to raise our corporate value while promoting the health and stability of our banking business, adopting management and control measures that match our operations and their inherent risks is an issue of key importance to management. Based on this awareness, MHHD's Board of Directors has laid down risk management policies that are applicable to MHFG. These policies clearly define the kinds of risks to be managed, establish the organizational structure and training of the human resources necessary for appropriate

levels of risk management and provide for audits to measure the effectiveness and suitability of the risk management structure. In line with these policies, we are working to strengthen risk management by adopting various measures and striving to enhance the sophistication of our risk management procedures.

Overview of the Risk Management Structure

Each group subsidiary adopts the most appropriate risk management measures for its own business, while MHHD controls risk management for the group as a whole. More specifically, the five core subsidiaries (DKB, Fuji Bank, IBJ, Mizuho Securities and Mizuho Trust & Banking) manage various types of risk for themselves, their subsidiaries and affiliated companies, under the risk management policies of MHHD. MHHD monitors the risk profile throughout the entire group, and provides the five core subsidiaries with appropriate instructions concerning risk management.



○ Consolidated Risk Management

Basic Approach

There are two types of risk management. Credit and market risk management aim to secure profits by controlling their respective types of risk. Operations risk, IT risk and legal risk management seeks to avoid losses by averting the occurrence of their respective types of risk.

For the first type, we use quantitative methods to control total credit and market risk. For the second type, we also take a proactive approach to enhance the sophistication of our risk management methods by tailoring them to the characteristics of different types of risk.

Risk Capital Allocation

We have introduced an integrated risk management framework as a means of obtaining the clearest possible grasp of the group's overall risk exposure. Starting in fiscal 2001, we have initiated measures to keep such risk within the group's financial base.

More specifically, we allocate risk capital (economic capital covering risk) to each BU and set ceilings to control the risk. We also work to ensure that overall group risk (consolidated basis) does not exceed the capital account and other measures

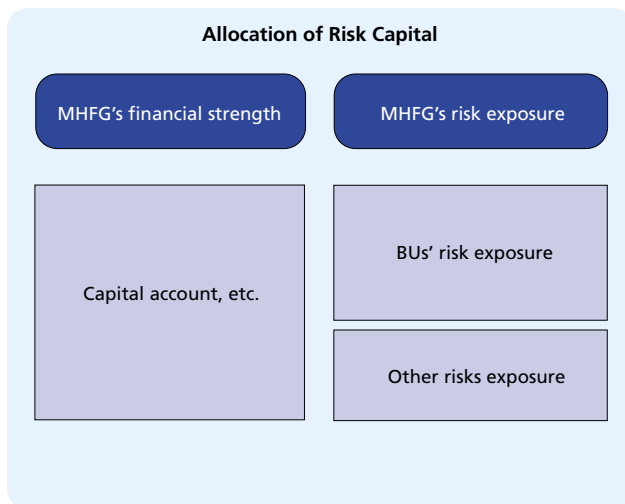
of financial strength. To ensure the ongoing financial health of the group, we regularly monitor how this risk capital is being used in order to obtain a proper grasp of the risk profile within this framework.

Dealing with “Operational Risk”

We refer to operations risk, IT risk and legal risk collectively as “operational risk.” Not only is it vital to manage these types of risk by risk type according to their characteristics, but they must also be controlled across the group on the basis of loss-causing factors and the nature of the business line in question. It is important to grasp the risks involved in a quantitative manner and reduce them in a cost-effective way. We are working aggressively to raise the sophistication of our operational risk management while keeping an eye on progress in the debate on minimum capital requirements under BIS and the developments on quantitative methods of operational risk.

▶ Minimum Capital Requirements for Operational Risk

Based on the recognition that a certain portion of capital should be allocated for operational risk (embracing operations risk, IT risk and legal risk), the Basel Committee on Banking Supervision is currently studying concrete quantitative methods with a view to introducing them in fiscal 2005.



○ Credit Risk Management

Basic Approach

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

We have adopted two different but mutually complementary approaches toward credit risk management. The first of these is to manage each individual transaction by controlling over the entire process for each individual transaction, from granting the credit through to recovery, on the basis of assessments of the credit standing of the counterparties involved. This is primarily the responsibility of the five core subsidiaries. The second is to manage the entire portfolio by accessing the possibility of loss given by the defaults of the counterparties through statistical methods. This is the responsibility of MHHD as well as the five core subsidiaries.

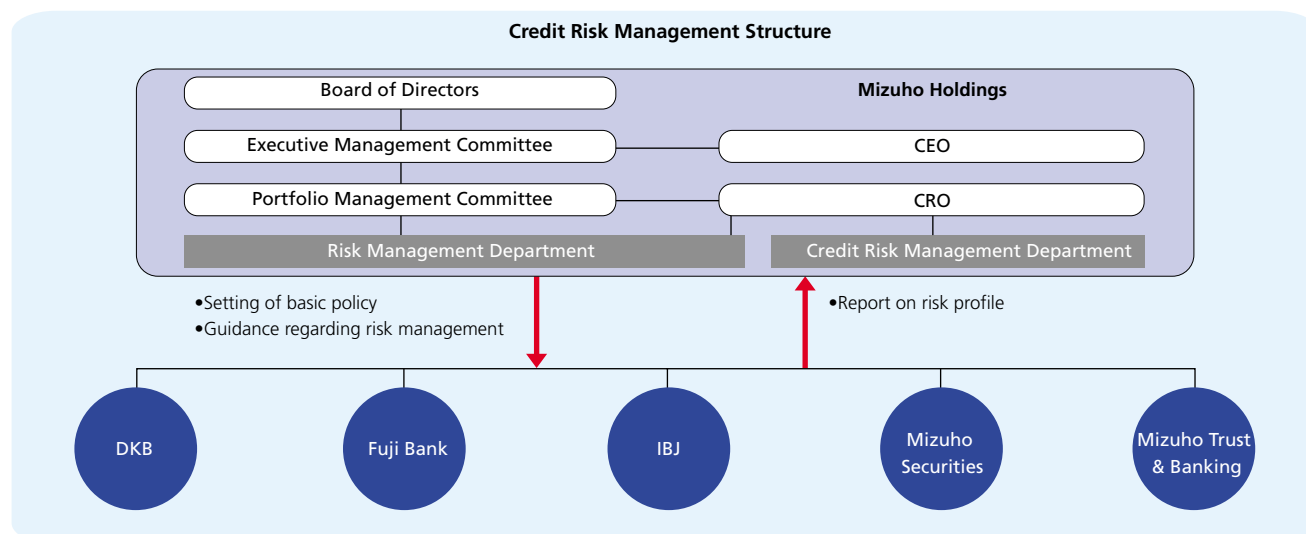
Credit Risk Management Structure

The Board of Directors determines the most important matters pertaining to credit risk in accordance with our credit

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

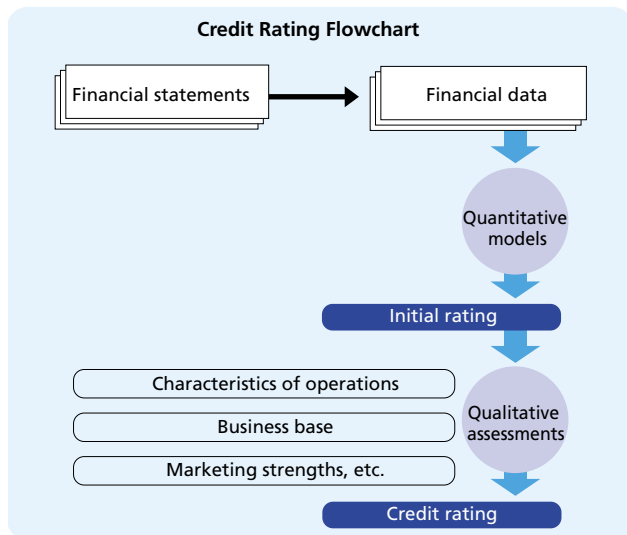
Of the five core subsidiaries, the three banks have established a system whereby their credit risk management divisions, credit supervision divisions and credit assessment and audit divisions are independent from their business divisions. Specifically, they use the credit rating system and credit risk measurement tools to ascertain and monitor the status of the portfolio, and manage it within credit limits. They are also improving their credit decisions and post-transaction management functions by assessing individual transactions from these viewpoints, auditing the results of self-assessments and providing risk management guidance to individual branches. Mizuho Securities and Mizuho Trust & Banking follow credit risk management procedures that suit the characteristics of their respective business sectors.

Based on reports from our five core subsidiaries, we draw an overall picture of the group’s risk profile and adopt whatever measures we may deem necessary.



One of the most important elements of our risk management is to follow objective indications of a customer's creditworthiness through our credit rating system. We determine a customer's credit rating using quantitative financial assessments as well as qualitative judgements such as the assessment on the client's strength in its business. Starting with their overseas offices, the three banks have introduced the new unified credit ratings since April 2001. The rating system, which is the product of their accumulated know-how, now provides integrated coverage of companies ranging from large to small and medium-sized enterprises, and takes ample steps to ensure consistency with the ratings of external rating agencies and internal borrower classifications.

We have also drawn up strict, unified standards for self-assessment based on the *Financial Inspections Manual* issued by the Financial Services Agency, and have applied them to our self-assessments since the March 2000 accounting period.



Portfolio Management Structure

Portfolio-based credit risk management uses statistical methods to calculate the possibility that our credit portfolio may generate bad debt losses. There are two key figures. "Expected loss" is the average amount of loss forecast for the next 12 months. "Unexpected loss" is the maximum excess amount in the case where losses exceed the expected loss. "Expected loss" should be covered out of profits on credit transactions, and is used as a reference value when setting transaction guidelines. And "Unexpected loss" should be covered out of total capital, when it actually materializes. The credit portfolio, therefore, is monitored from various angles to ensure that unexpected losses are kept within the level of the allocated risk capital, and limits are applied to the portfolio where necessary.

In practice, credit portfolio management involves monitoring concentration risk (the uneven accretion of credit to certain major counterparties) and, where necessary, setting credit limits to curtail any increase in risk arising from granting too much credit to certain individual counterparties or corporate groupings. It also involves the regular monitoring of credit concentration in certain industrial sectors or geographical areas to avoid any deterioration in the credit standing of transactions caused by economic fluctuations affecting the sectors or geographical areas in question. Credit portfolio management mentioned above is the responsibility of the three subsidiary banks in principle, but MHHD also monitors the group's entire credit portfolio.

○ Market and Liquidity Risk Management

Basic Approach

Market risk means the risk that the company could incur losses because of a decrease in the value of assets and liabilities (including off-balance-sheet assets) caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices. It includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion, or risk arising from transactions at prices that are markedly less favorable than normal.

We have adopted a system whereby MHHD stipulates market and liquidity risk management for the group as a whole. More specifically, MHHD formulates market and liquidity risk management policies for the entire group, and the five core subsidiaries follow these policies in managing risk for themselves and other subsidiaries and affiliated companies. This system also allows MHHD to monitor and manage the overall market and liquidity risk profile for the group.

Market Risk Management Structure

Under our management system, the Board of Directors determines key matters pertaining to market risk management in line with risk management policies. We have established the ALM & Market Risk Committee as one of the business policy committees responsible for overall discussion

and coordination of market risk management. The committee determines the entire group's monthly funding and investment policies, discusses and coordinates matters relating to ALM policies, risk planning and market risk management and proposes responses to emergencies such as sudden market changes. The CRO is responsible for matters relating to market risk management planning and operations. The Risk Management Department is responsible for monitoring market risk, reports and analyses, proposals, setting limits and guidelines, and for formulating and implementing plans relating to market risk management.

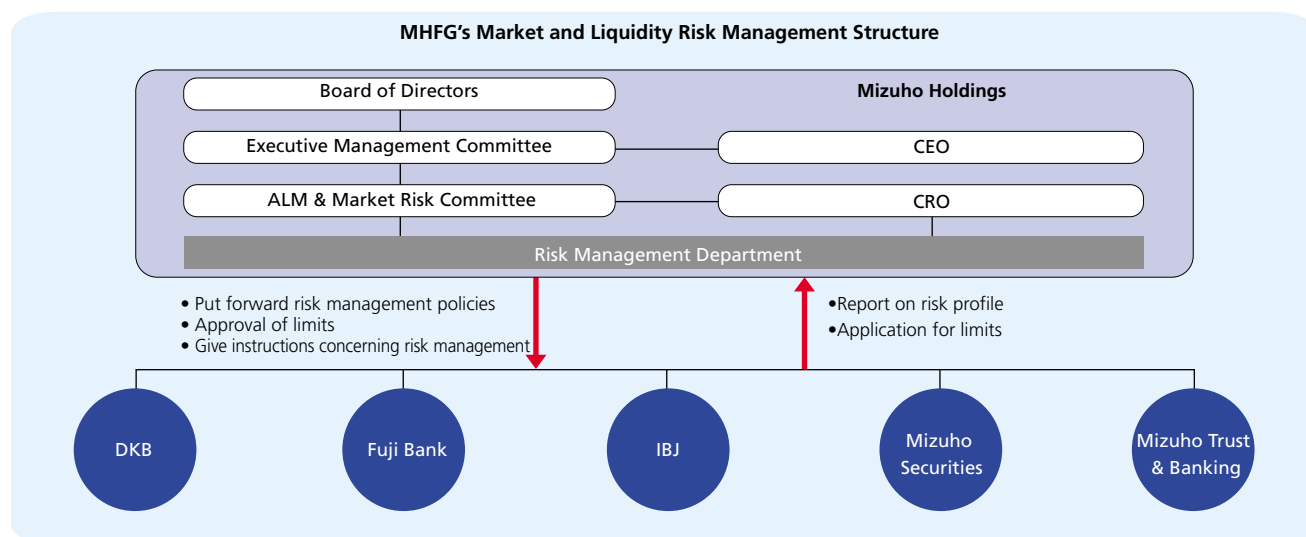
The five core subsidiaries have established risk management divisions according to the scale and nature of their market risk exposures to manage them at the individual company level. Offices that engage in trading have also set up specialized risk management sections (middle offices) at their respective levels.

On the reporting side, the Risk Management Department receives the necessary data from the five core subsidiaries, as well as reports on risk profile and compliance with risk limits, both on a regular basis and as deemed necessary.

Glossary

ALM

Asset and Liability Management



Based on these reports, MHHD obtains a solid grasp of the market risk management profile. Reports on the status of market risk and compliance with risk limits are submitted to the CEO on a daily basis, and to the Board of Directors and the Executive Management Committee, both on a regular basis and as deemed necessary.

We manage market risk using Value at Risk (“VAR”) as our principal measuring tool, supplementing it with stress testing. In the second half of fiscal 2000, VAR on trading activities averaged ¥9.8 billion (confidence interval: one-tailed 99%; holding period: one day), ranging from a minimum of ¥7.2 billion to a maximum of ¥13.4 billion.

For management purposes, VAR limits and position limits based on interest rate sensitivity are set according to the nature of the various businesses in which the five core subsidiaries engage. These limits are discussed and coordinated by the ALM & Market Risk Committee, discussed further by the Executive Management Committee, then determined by the CEO. At each stage, various factors are taken into account, such as business strategies, historical ceiling usage rates, risk-bearing capacity (profits, total capital and risk management systems), profit targets and the market liquidity of the products involved.

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

Liquidity Risk Management Structure

We define liquidity risk as the risk of losses arising when a financial institution faces funding difficulties because a deterioration in its financial position makes it difficult to raise the

necessary funds, or when it is forced to procure funds at much higher interest rates than usual.

The management and reporting structures are fundamentally the same as those of the market risk management structure described above, although the head of the ALM and Trading BU is additionally responsible for matters relating to planning and running cash flow management operations.

We measure liquidity risk using indices pertaining to cash flow such as ceilings on funds raised in the market. Limits on liquidity risk are discussed and coordinated by the ALM & Market Risk Committee, discussed further by the Executive Management Committee, then determined by the CEO and reported to the Board of Directors.

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

Glossary

VAR (value-at-risk)

VAR is one of several methods used to measure market risk. It is defined as the maximum possible loss that could be incurred on our portfolio as a result of market movements within a certain period (holding period) and degree of probability (confidence interval). The actual amount of the VAR may vary according to the length of the holding period and the confidence interval, as well as the models used for measuring the volatility of market risk factors.

○ Management of Other Risks

Operations Risk Management

Operations risk is the risk of incurring tangible or intangible losses because operations are performed incorrectly or inappropriately.

We have compiled the “Fundamental Policy for Operations Risk Management” for use by the entire MHFG. The five core subsidiaries, in turn, have set out their own basic policies for managing operational risk in conformance with MHHD’s policy, creating a uniform framework for managing this kind of risk throughout MHFG.

MHHD receives reports on the operations risk management situation at the five core subsidiaries on a regular basis and as required. These reports provide the head of the IT, Systems & Operations Group with an appropriate picture of the risk situation throughout MHFG, enabling him to manage overall operations risk. He also submits reports on the management situation to the CEO and other members of top management on a regular basis or as required.

We are well aware that speedy and accurate operations are the foundations upon which customer trust is built, and we will continue to do everything in our power to raise the level of our operations risk management procedures.

IT Risk Management

IT risk is the risk of being exposed to tangible or intangible losses arising from system defects such as failures, faults, or

incompleteness in computer operations, or illegal or unauthorized use of computer systems.

We have drawn up a unified basic policy for use by the entire group as the basis for our IT risk management framework. Each of the five core subsidiaries has set out its own security policy in line with this basic policy and is working to ensure the protection and safety of informational assets relating to systems.

The IT & Systems Planning Department receives reports on IT risk from the five core subsidiaries both regularly and as required. The head of the IT, Systems & Operations Group ascertains the sources, scale and nature of IT risk and, after overall assessment and monitoring, submits reports to the CEO and other members of top management both regularly and as required.

Legal Risk Management

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

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

We have drawn up a uniform basic policy on legal risk management. To mitigate legal risk, we perform legal checks in connection with management decisions, new products and new businesses, provide centralized management of legal information concerning the enactment, revision and abolition of legislation, and identify and respond to legal risks such as litigation. The five core subsidiaries manage legal risk in accordance with MHHD's basic policy, and adopt and implement similar measures.

Settlement Risk Management

Settlement risk is the risk of incurring losses because settlements are not executed according to schedule for some reason.

It usually encompasses various kinds of risk, including credit risk, liquidity risk, operations risk and legal risk. In recent years, moreover, finding international solutions for Herstatt risk—the risk arising from time zone differences in international currency settlements—has attracted a great deal of attention.

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

■ COMPLIANCE STRUCTURE OF MIZUHO

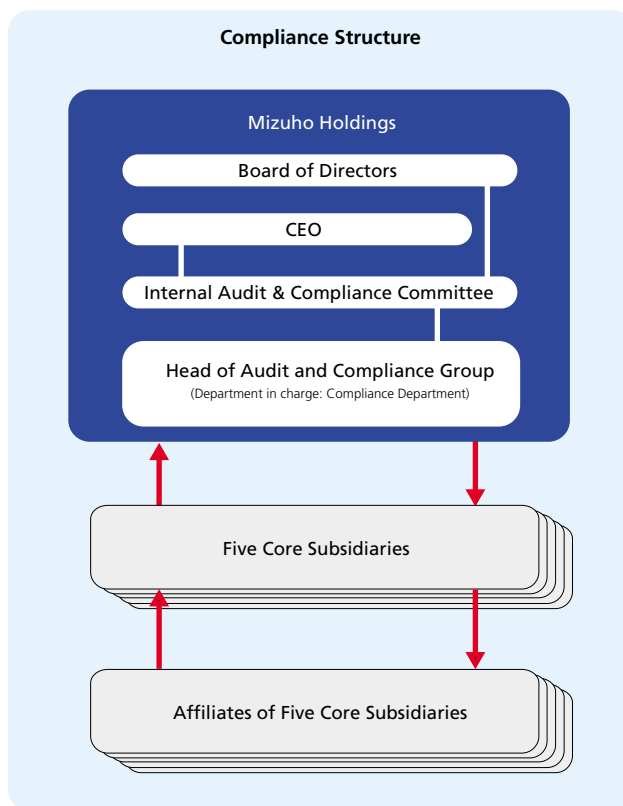
Basic Compliance Policy

We are acutely conscious of our social responsibilities and public mission at all times as Japan's leading comprehensive financial group. We, therefore, work to ensure that we observe all laws and regulations, and pursue corporate activities in a fair and honest manner that conforms to the norms accepted by society. MHHD and the five core subsidiaries see rigorous compliance as a fundamental principle of management. For this reason, we have laid down a basic common policy that satisfies the highest global standards for compliance, and, by promoting this stance, are working to win high praise from shareholders and the markets, and to earn for ourselves the broadly based trust of society. Furthermore, to realize the Basic Principles of the Consolidation, we have drawn up the Mizuho Code of Conduct, which lays down clear and concrete standards of ethical behavior. We have distributed it to all executives and employees of MHFG, and are doing all we can to ensure that they are fully acquainted with its contents and act in accordance with them.

Compliance Activities

In order to check that our business activities are appropriate in terms of compliance and audits, we have established the Internal Audit & Compliance Committee, which consists of all heads of the Planning and Administration Headquarters and includes external specialists in legal and accounting matters among its members. Moreover, we have established the Compliance Department under the head of the Audit and Compliance Group, who is a managing executive officer of MHHD. This department is responsible for compliance planning and implementation, and controls compliance management throughout MHFG. The head of every organizational unit within MHHD is made responsible for compliance, and takes charge of guidance and implementation in connection with compliance in the workplace.

Each subsidiary has established its own compliance structure in line with the policies laid down by MHHD. MHHD obtains a direct picture of the status of compliance throughout the group from reports submitted by the five core subsidiaries, and adopts appropriate responses whenever necessary. Affiliates of the five core subsidiaries are managed in a similar way through their parent companies.



INTERNAL AUDIT STRUCTURE OF MIZUHO

Basic Internal Audit Policies

Internal audits are independent, comprehensive and objective assessments of the effectiveness of internal control systems, and include advice, guidance and remedial recommendations in connection with any problems that may be unearthed.

The internal audit divisions of the five core subsidiaries assess the appropriateness and effectiveness of business operations at each subsidiary in accordance with the basic internal audit policies that MHHD establishes for the group, and offer advice, guidance and remedial recommendations in connection with any problems.

The purpose of internal audits is to contribute to the healthy development of group management by monitoring the extent to which internal control achieves its objectives—appropriate risk management, efficient and effective business operations, reliable financial reporting and compliance with laws, regulations and internal rules.

MHFG's Internal Audit Management Structure

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

The latter have established their own management systems for internal audits in line with the basic policies laid down by MHHD. In principle, the management system extends via the five core subsidiaries to their affiliates.

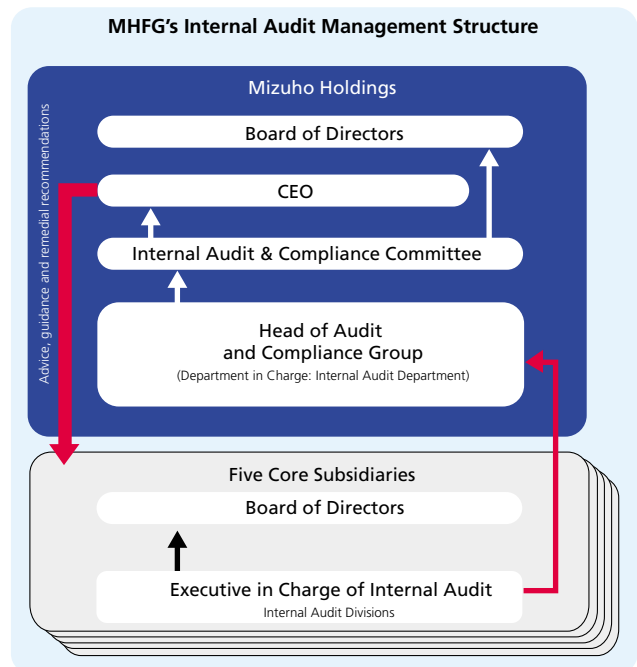
MHHD makes assessments based on reports on the results of internal audits submitted by the five core subsidiaries whether the audits are appropriate in terms of structure, methodologies and depth, and whether the internal control systems adopted by the core subsidiaries and their affiliates are effective. Where necessary, MHHD offers advice, guidance and remedial recommendations. Reports on the results of these assessments are submitted to MHHD's Internal Audit & Compliance Committee, CEO and Board of Directors.

The head of the Audit and Compliance Group also chairs the Internal Audit & Compliance Committee, and submits reports on decisions of the committee and other important matters directly to the Board of Directors.

MHHD's Internal Audit Management Structure

MHHD's Internal Audit & Compliance Committee discusses and determines important matters relating to compliance and audits at MHHD and subsidiaries managed by MHHD in line with basic policies determined by the Board of Directors.

In addition to controlling internal audits for the entire group under the head of the Audit and Compliance Group, MHHD's Internal Audit Department carries out internal audits of the holding company itself, thus providing the checks and balances necessary to ensure that its business is being run in an appropriate manner.



Community Activities of MIZUHO

○ MHFG's Community Activities

We are conscious of the importance of the responsibility to contribute to society as a "good corporate citizen," and will actively engage in various local community activities. We will also support volunteer activities of our executives and employees.

○ Corporate Citizenship Activities

MHFG participates in many charitable activities at home and abroad.

Support for Disaster Relief

Employee donations and corporate contributions were actively collected for funds raised to help victims in the aftermath of disasters at home and abroad, including victims of volcanic eruptions in the islands off Japan's Izu Peninsula and earthquakes in western India.

In February 2001, executives and employees of the five core subsidiaries collected approximately ¥11.5 million for the Izu island victims and the money was sent to them via the Tokyo metropolitan government.

Support for the All-Japan "Small Kindness"

Composition Contest

To support the 25th All-Japan "Small Kindness" Composition Contest held in December 2000, MHFG presented the "Mizuho Prize" as an award for special excellence. This annual contest is sponsored by the "Small Kindness" Movement, which invites elementary and junior high school students throughout Japan to send in compositions on their experiences of kindness.

Traffic Safety Campaign

Each year, as part of Fuji Bank's "Yellow Badge Traffic Safety Campaign," first-graders throughout Japan are provided yellow badges that, when worn, signify they are automatically covered by traffic accident insurance if they are involved in an accident on their way to or from school. Fiscal 2000 marked the 37th year of this campaign, which started in 1965 and has now provided insurance coverage for a total of 45.86 million children. In January 2001, the Japan Traffic

Safety Association recognized the Bank's contribution over the years when it commended the Bank for its promotion of traffic safety at the 41st National Traffic Safety Convention.

Contributions to Local Communities in the United States

Group employees have been very active in community activities in the United States under the Community Reinvestment Act (CRA). Not only have staff members and their families participated in various volunteer activities, but the DKB Foundation and the IJB Foundation have also donated funds to support groups and other non-profit organizations working in low-income areas. Last year, The Fuji Bank and Trust Company (Fuji Bank's subsidiary in New York) was recognized by the U.S. Treasury Department for its donations, lending and investments in community organizations, and won the Bank Enterprise Act Prize for the second successive year.



Right: Lawrence H. Summers, former Secretary of the U.S. Treasury

Contributions to Local Communities in Asia

Our employees both in Japan and at our operations in Thailand, Indonesia, China and Taiwan contributed to the local communities by donating funds and engaging in support activities for disadvantaged children. MHFG provided assistance with scholarships in Southeast Asia and engaged in philanthropic activities in Taiwan through the DKB Asian Fund and the DKB Aishin Charity Fund. It also instituted the "Fuji Bank International Finance and Economics Lectures" at the China Institute of Financing in Beijing, which was set up by the People's Bank of China and others.



With Thai children

Glossary

CRA (Community Reinvestment Act)

The CRA obliges enterprises involved in the financial sector to contribute to the local communities in which they do business.

○ Activities of Philanthropic Foundations

The following five philanthropic foundations have close relationships with MHFG, and provide grants for various purposes, including social welfare, education, scholarships, international exchange and academic research.

Heart Foundation

The Heart Foundation was created in 1972. Its activities include making social contributions by supporting education in rural areas, and providing education for physically challenged children and welfare assistance for senior citizens. It has also donated a cumulative total of 221 welfare vehicles, or “Heart” automobiles, to nursing care homes for senior citizens throughout Japan.

Fuji Memorial Foundation

The Fuji Memorial Foundation was set up in 1980 to provide grants for social welfare, funds for translating books into Braille for visually impaired university students (cumulative total of 100) and electrically powered wheelchairs (cumulative total of 485). Since its founding, it has also donated a total of 171 buses and minibuses equipped with elevators for the mentally and physically handicapped.

Fuji Bank International Foundation

The Fuji Bank International Foundation was set up in 1991, primarily to provide scholarships for overseas students studying in Japan. Since its founding, it has assisted a cumulative total of 102 students, 22 of them earning doctoral degrees.

Kawakami Memorial Foundation

The Kawakami Memorial Foundation was established in 1957 to encourage academic research by young people. It provides grants for young engineering researchers recommended by universities, holds essay contests in the areas of law and economics (from among the public) and offers scholarships to overseas students studying in Japan who are specified by their universities.

Koeikai

This foundation was established in December 1954. Among other things, it provides loans for education-related expenses to excellent students recommended by universities who face economic hardships, and over the years has granted scholarships to 662 people.

○ Topics: Support for Art, Culture and Sports

Coming-of-Age Day Concerts

This year’s “Coming-of-Age Day Concert” took place at the Suntory Hall in Tokyo on the Coming-of-Age Day national holiday (January 8, 2001).

These annual concerts are held with a view to supporting young artists and popularizing classical music among the next generation of young people.

Main Sponsor of Tokyo International Women’s Marathon

MHFG acted as main sponsor of the 2000 Tokyo International Women’s Marathon held on November 19, 2000. We contribute to the promotion of sports by creating opportunities for as many people as possible to come into contact with sports through events such as marathons.



“Sanba-so” performed by the Noh comic actor Mansai Nomura



Start of the 2000 Tokyo International Women’s Marathon

■ MHFG'S ENVIRONMENTAL ACTIVITIES

○ Basic Approach

We are aware that it is our social responsibility to take into account environmental issues as we try to maintain a balance between economic development and environmental preservation. Our specific objectives are as follows:

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



Fuji Bank supports the "All-Japan Elementary and Junior High School Students' Environmental Art Contest."

○ The Environmental Issues Committee

We have established an in-house Environmental Issues Committee in line with the above-mentioned basic approach. The committee is responsible for discussing policies relating to the environmental issues affecting the group, implementing countermeasures and educational activities. For the foreseeable future, its main task is to build an environmental management system for the group.

○ Developing Financial Products and Services that Contribute to Environmental Endeavors and Supporting New Businesses

We develop and offer financial products and services specifically designed to contribute to the endeavors of customers in the environmental area. Financial products offered by DKB include deposits which allow donations to the World Wide

Fund for Nature (WWF) Japan, and personal loans for purchasers of environmental protection equipment such as garbage disposal equipment.

Moreover, the three banks and their affiliates, Mizuho Securities, Dai-ichi Kangyo Research Institute, Fuji Research Institute Corporation and IBJ-DL Financial Technology Co., Ltd. evaluate the environmental risks that customers face and provide research and advice on how to manage these issues in line with the Kyoto Mechanisms on emissions reductions and trading schemes. They also provide wide-ranging advisory services, including advice on using weather derivatives to cover potential business losses arising from unusual weather conditions, support for LCA activities and assistance with putting environment business related venture firms on an active business footing.

○ Environmental Risk Assessment in Financial Operations

There has been an increase in the number of cases where MHFG evaluates the environmental risk associated with companies and businesses. In the area of M&A, some cases involve factoring in the environmental risks posed by the potential acquisition. In credit transactions such as project finance that have clearly defined objectives, there are cases where assessments of the project's impact on the environment are reflected in the credit decision or the terms of the contract. We are studying ways to better reflect environmental risk in our financial operations.

Glossary

LCA (Life Cycle Assessment)

LCA is a process for evaluating the environmental burdens imposed by a product throughout its life cycle, from production of raw materials to eventual disposal as waste.



Financial Analysis of MIZUHO

Mizuho Holdings' Performance and Financial Position

Chapter 8

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Financial Analysis of MIZUHO

■ KEY INDICATORS OF CONSOLIDATED PERFORMANCE FOR THE FISCAL YEAR ENDED MARCH 31, 2001

(Billions of yen)

Fiscal year ended March 31, 2001

| | |
|--|------------|
| Total Income | ¥ 5,913.7 |
| Net Income | 211.2 |
| Total Shareholders' Equity | 6,254.2 |
| Total Assets | 163,455.4 |
| Deposits | 80,176.4 |
| Debentures | 17,848.2 |
| Loans and Bills Discounted | 92,286.7 |
| Securities | 28,062.5 |
| Total Shareholders' Equity per Share (yen) ^(Note 1) | 450,667.56 |
| Net Income per Share (yen) ^(Note 2) | 20,524.13 |
| Net Income per Share Assuming Dilution (yen) | 20,109.99 |
| Risk-based Capital Ratio (BIS Capital Ratio) | 11.39% |
| Net Return on Equity | 4.5% |
| PER (Times) | 34.34x |
| Cash Flows from Operating Activities | 2,918.7 |
| Cash Flows from Investment Activities | (3,362.1) |
| Cash Flows from Financing Activities | (334.7) |
| Cash and Cash Equivalent at the End of the Year | 2,219.8 |

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

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

**KEY INDICATORS OF NON-CONSOLIDATED PERFORMANCE
FOR THE FISCAL YEAR ENDED MARCH 31, 2001**

(Billions of yen)

| | | Fiscal year ended March 31, 2001 | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------------------------------|---------------------|---------------------------------------|---------------|---|----------------|---|----------------|---|----------------|---------------------------------------|---------------|--|----------------|---|----------------|---|----------------|--|----------------|---------------------------------------|----------------|--|
| Operating Income | | ¥ 114.0 | | | | | | | | | | | | | | | | | | | | | | |
| Net Income | | 97.7 | | | | | | | | | | | | | | | | | | | | | | |
| Common Stock and Preferred Stock | | 2,572.0 | | | | | | | | | | | | | | | | | | | | | | |
| Number of Shares Issued and Outstanding | <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-left: 20px;">Common Shares</td> <td style="text-align: right;">9,205,856.53 shares</td> </tr> <tr> <td style="padding-left: 20px;">First Series Class I Preferred Shares</td> <td style="text-align: right;">33,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Second Series Class II Preferred Shares</td> <td style="text-align: right;">100,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Third Series Class III Preferred Shares</td> <td style="text-align: right;">100,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Fourth Series Class IV Preferred Shares</td> <td style="text-align: right;">150,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Fifth Series Class V Preferred Shares</td> <td style="text-align: right;">52,411 shares</td> </tr> <tr> <td style="padding-left: 20px;">Sixth Series Class VI Preferred Shares</td> <td style="text-align: right;">150,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Seventh Series Class VII Preferred Shares</td> <td style="text-align: right;">125,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Eighth Series Class VIII Preferred Shares</td> <td style="text-align: right;">125,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Ninth Series Class IX Preferred Shares</td> <td style="text-align: right;">140,000 shares</td> </tr> <tr> <td style="padding-left: 20px;">Tenth Series Class X Preferred Shares</td> <td style="text-align: right;">140,000 shares</td> </tr> </table> | Common Shares | 9,205,856.53 shares | First Series Class I Preferred Shares | 33,000 shares | Second Series Class II Preferred Shares | 100,000 shares | Third Series Class III Preferred Shares | 100,000 shares | Fourth Series Class IV Preferred Shares | 150,000 shares | Fifth Series Class V Preferred Shares | 52,411 shares | Sixth Series Class VI Preferred Shares | 150,000 shares | Seventh Series Class VII Preferred Shares | 125,000 shares | Eighth Series Class VIII Preferred Shares | 125,000 shares | Ninth Series Class IX Preferred Shares | 140,000 shares | Tenth Series Class X Preferred Shares | 140,000 shares | |
| Common Shares | 9,205,856.53 shares | | | | | | | | | | | | | | | | | | | | | | | |
| First Series Class I Preferred Shares | 33,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Second Series Class II Preferred Shares | 100,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Third Series Class III Preferred Shares | 100,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Fourth Series Class IV Preferred Shares | 150,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Fifth Series Class V Preferred Shares | 52,411 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Sixth Series Class VI Preferred Shares | 150,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Seventh Series Class VII Preferred Shares | 125,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Eighth Series Class VIII Preferred Shares | 125,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Ninth Series Class IX Preferred Shares | 140,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Tenth Series Class X Preferred Shares | 140,000 shares | | | | | | | | | | | | | | | | | | | | | | | |
| Total Shareholders' Equity | | 6,561.4 | | | | | | | | | | | | | | | | | | | | | | |
| Total Assets | | 7,412.6 | | | | | | | | | | | | | | | | | | | | | | |
| Total Shareholders' Equity per Share (Yen) ^(Note 1) | | 483,949.97 | | | | | | | | | | | | | | | | | | | | | | |
| Dividend per Share of Common Stock | Common Shares | 7,000 | | | | | | | | | | | | | | | | | | | | | | |
| (Interim dividends per share) (Yen) ^(Note 2) | First Series Class I Preferred Shares | 22,500 | | | | | | | | | | | | | | | | | | | | | | |
| | Second Series Class II Preferred Shares | 8,200 | | | | | | | | | | | | | | | | | | | | | | |
| | Third Series Class III Preferred Shares | 14,000 | | | | | | | | | | | | | | | | | | | | | | |
| | Fourth Series Class IV Preferred Shares | 47,600 | | | | | | | | | | | | | | | | | | | | | | |
| | Fifth Series Class V Preferred Shares | 7,500 | | | | | | | | | | | | | | | | | | | | | | |
| | Sixth Series Class VI Preferred Shares | 42,000 | | | | | | | | | | | | | | | | | | | | | | |
| | Seventh Series Class VII Preferred Shares | 11,000 | | | | | | | | | | | | | | | | | | | | | | |
| | Eighth Series Class VIII Preferred Shares | 8,000 | | | | | | | | | | | | | | | | | | | | | | |
| | Ninth Series Class IX Preferred Shares | 17,500 | | | | | | | | | | | | | | | | | | | | | | |
| | Tenth Series Class X Preferred Shares | 5,380 | | | | | | | | | | | | | | | | | | | | | | |
| | Common Shares | 3,500 | | | | | | | | | | | | | | | | | | | | | | |
| | First Series Class I Preferred Shares | 11,250 | | | | | | | | | | | | | | | | | | | | | | |
| | Second Series Class II Preferred Shares | 4,100 | | | | | | | | | | | | | | | | | | | | | | |
| | Third Series Class III Preferred Shares | 7,000 | | | | | | | | | | | | | | | | | | | | | | |
| | Fourth Series Class IV Preferred Shares | 23,800 | | | | | | | | | | | | | | | | | | | | | | |
| | Fifth Series Class V Preferred Shares | 3,750 | | | | | | | | | | | | | | | | | | | | | | |
| | Sixth Series Class VI Preferred Shares | 21,000 | | | | | | | | | | | | | | | | | | | | | | |
| | Seventh Series Class VII Preferred Shares | 5,500 | | | | | | | | | | | | | | | | | | | | | | |
| | Eighth Series Class VIII Preferred Shares | 4,000 | | | | | | | | | | | | | | | | | | | | | | |
| | Ninth Series Class IX Preferred Shares | 8,750 | | | | | | | | | | | | | | | | | | | | | | |
| | Tenth Series Class X Preferred Shares | 2,690 | | | | | | | | | | | | | | | | | | | | | | |
| Net Income per Share of Common Stock (Yen) ^(Note 3) | | 9,404.65 | | | | | | | | | | | | | | | | | | | | | | |
| Net Income per Share Assuming Dilution (Yen) | | 9,218.80 | | | | | | | | | | | | | | | | | | | | | | |
| PER (Times) | | 74.96x | | | | | | | | | | | | | | | | | | | | | | |
| Dividend Propensity ^(Note 4) | | 37.21% | | | | | | | | | | | | | | | | | | | | | | |

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

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

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

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

■ THE FINANCIAL AND ECONOMIC ENVIRONMENT

● The Economic Conditions in Japan and Overseas

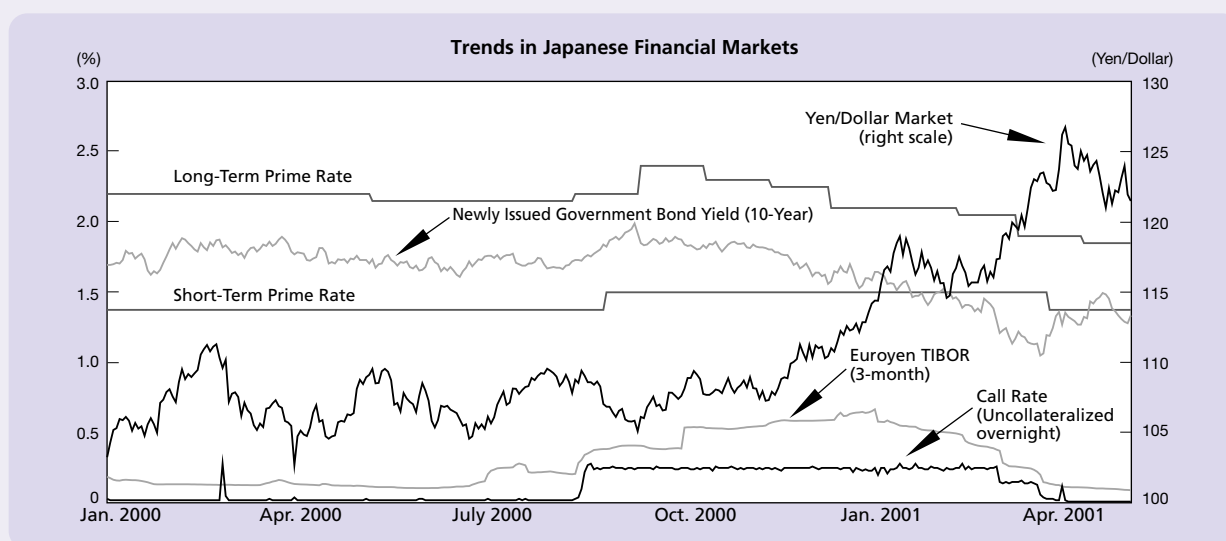
The overseas economic condition in fiscal 2000 was influenced to a considerable extent by the U.S. economy, which decelerated sharply from the second half of the year after several years of sustained expansion. There was growing concern that this might cause an economic downturn in certain parts of Asia. Despite the slowdown in the U.S. economy, the recovery trend in Europe remained firm overall. Regarding the Japanese economy, a real self-sustained recovery was not achieved due to sluggish individual consumption from a severe labor/earnings environment, despite the increase in capital expenditures made to support the economy and to improve corporate earnings. Until the autumn of 2000, exports increased favorably, but from winter onwards, the growth rate declined under the impact of the deceleration of the U.S. economy, slowing down the recovery in Japan's production activity.

Given the economic environment, the Bank of Japan ("BOJ") abandoned its zero interest rate policy in August 2000, but has followed a quantitative easing policy since February 2001. In March 2001, the prolonged decline in demand prompted the government to recognize officially that the economy was experiencing a gradual deflation, and in April, it adopted the Emergency Economic Package containing numerous initiatives designed to promote structural reform of the Japanese economy.

● The Financial Markets and the Financial Sector

Looking back at the financial markets in fiscal 2000, the yen weakened against the dollar in the foreign exchange market, reaching just over ¥120=US\$1 at the fiscal year-end of March 31, 2001. After the BOJ abandoned its zero interest rate policy, long-term yields on Japanese government bonds ("JGBs") climbed to over 2% through the autumn, but the subsequent deterioration in business sentiment has caused their yields to fall to 1-1.5%. Japanese stock prices followed a downward trend as they moved in tandem with U.S. stock prices.

In the financial sector, the "Big Bang" reforms have made steady progress, and the authorities have taken steps to promote further integration of financial regulators. There was also significant progress in the realignment of the financial sector as consolidations and alliances among financial institutions gathered momentum under the impact of revisions to Japan's Commercial Code and related tax regimes, while competition intensified as new players from other sectors began to enter the market.



■ RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2001

● Consolidated Accounts

1. Scope of Consolidation and Application of the Equity Method

| | March 31, 2001 |
|--|----------------|
| Number of consolidated subsidiaries | 290 companies |
| Number of affiliates accounted for under the equity method | 91 companies |

The main consolidated subsidiaries are The Dai-ichi Kangyo Bank, Ltd. (“DKB”), The Fuji Bank, Ltd. (“Fuji Bank”), The Industrial Bank of Japan, Ltd. (“IBJ”) (collectively, the “three banks”), Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. The main affiliates accounted for by the equity method were The CIT Group, Inc., The Chiba Kogyo Bank, Ltd. and Shinko Securities Co., Ltd.

2. Consolidated Profits and Losses

(Billions of yen)

| | Fiscal year ended March 31, 2001 |
|---|----------------------------------|
| Consolidated Gross Profits | ¥ 2,149.3 |
| Net Interest Income | 1,353.9 |
| Net Fiduciary Income | 65.1 |
| Net Fee and Commissions Income | 427.9 |
| Net Trading Income | 156.5 |
| Net Other Operating Income | 145.8 |
| General and Administrative Expenses | 1,228.6 |
| Credit-related Costs | 851.9 |
| Net Gains related to Stocks and Other Securities | 515.0 |
| Equity in Earnings from Investment in Affiliates | 18.0 |
| Others | (121.7) |
| Income before Income Taxes and Minority Interests | 480.0 |
| Income Tax Expenses—Current | 51.6 |
| Income Tax Expenses—Deferred | 146.3 |
| Minority Interests in Net Income | 70.8 |
| Net Income | 211.2 |
| Net Income per Share of Common Stock (Yen) | ¥20,524.13 |

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

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

(1) Consolidated Gross Profits

Consolidated Gross Profits amounted to ¥2,149.3 billion.

Net Interest Income reached ¥1,353.9 billion, made up of ¥2,472.4 billion in Loans and Bills Discounted and ¥1,039.5 billion in Interest in Deposits and Debentures.

Net Fiduciary Income was ¥65.1 billion, primarily from Mizuho Trust & Banking and The Yasuda Trust & Banking Co., Ltd.

Net Fee and Commissions Income amounted to ¥427.9 billion, mainly from commissions related to deposit, bond and lending operations, and exchange fees and commissions received/paid.

Net Trading Income was ¥156.5 billion.

Other Operating Income amounted to ¥145.8 billion, mainly due to Net Gains related to Bonds.

Financial Analysis of MIZUHO

(2) General and Administrative Expenses

Although the Accounting Standard for Employee Retirement Benefits was implemented, efforts to cut costs resulted in General and Administrative Expenses of ¥1,228.6 billion.

(3) Credit-related Costs

Credit-related Costs was ¥851.9 billion, as a result of writing off claims and providing for the reserve for possible loan losses based on strict self-assessment on a whole group basis.

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

As a result of the unwinding of the cross shareholdings, Net Gains related to Stocks and Other Securities reached ¥515.0 billion.

(5) Net Income

As a result of the above, Income before Income Taxes and Minority Interests amounted to ¥480.0 billion after accounting for General and Administrative Expenses, Credit-related Costs, and Others.

Net Income was ¥211.2 billion after taking ¥51.6 billion in Income Tax Expenses–Current, ¥146.3 billion in Income Tax Expenses–Deferred and ¥70.8 billion in Minority Interests in Net Income into account for Income before Income Taxes and Minority Interests.

Use and Source of Funds

(Billions of yen)

| | Fiscal year ended March 31, 2001 | |
|--------------------------------|----------------------------------|--------------|
| | Average balance | Yield |
| Use of Funds | ¥129,208.3 | 2.71% |
| Loans and Bills Discounted | 91,543.6 | 2.70 |
| Securities | 29,571.9 | 1.52 |
| Call Loans and Bills Purchased | 3,773.6 | 9.08 |
| Due from Banks | 3,157.1 | 4.36 |
| Source of Funds | 121,224.4 | 1.76 |
| Deposits | 76,960.1 | 1.06 |
| Debentures | 19,923.5 | 1.04 |
| Call Money and Bills Sold | 12,528.8 | 3.82 |
| Commercial Paper | 1,424.1 | 2.48 |
| Borrowed Money | 4,216.5 | 2.77 |

Net Fee and Commission Income

(Billions of yen)

| | Fiscal year ended March 31, 2001 |
|--|----------------------------------|
| Fee and Commission Income | ¥513.1 |
| Deposits, Debentures and Lending Business | 116.3 |
| Remittance Business | 114.8 |
| Securities-related Business | 78.3 |
| Agency Business | 30.6 |
| Safe Custody and Safety Deposit Box Business | 7.8 |
| Guarantee Business | 29.8 |
| Trust-related Business | 35.9 |
| Fee and Commission Expenses | 85.2 |
| Remittance Business | 27.7 |

3. Consolidated Assets and Liabilities

(Billions of yen)

March 31, 2001

| | |
|---|-------------------|
| Total Assets | ¥163,455.4 |
| Loans and Bills Discounted | 92,286.7 |
| Securities | 28,062.5 |
| Trading Assets | 10,877.4 |
| Customers' Liabilities for Acceptances and Guarantees | 6,129.6 |
| Other Assets | 14,940.7 |
| Total Liabilities | 156,449.2 |
| Deposits | 80,176.4 |
| Debentures | 17,848.2 |
| Call Money and Bills Sold | 13,208.0 |
| Other Liabilities | 21,186.8 |
| Minority Interests | 751.9 |
| Shareholders' Equity | 6,254.2 |

(1) Assets

Securities at year-end balance was ¥28,062.5 billion.

With regard to unrealized gains/losses on other securities (available for sale) at year-end, the downward trend of the stock market resulted in unrealized losses of ¥275.6 billion.

Loans and Bills Discounted at year-end was ¥92,286.7 billion.

Non-Accrual, Past Due & Restructured Loans amounted to ¥4,556.2 billion, or 4.94% of total Loans and Bills Discounted.

Total Assets came to ¥163,455.4 billion.

(2) Liabilities and Minority Interests

Total Liabilities was ¥156,449.2 billion, made up of ¥80,176.4 billion in Deposits, and ¥17,848.2 billion in Debentures.

Minority Interests was ¥751.9 billion.

(3) Shareholders' Equity

Shareholders' Equity stood at ¥6,254.2 billion.

MHHD had a Risk-based Capital Ratio (BIS Capital Ratio) of 11.39%.

Risk-Based Capital Ratio (BIS Capital Ratio)

(Billions of yen)

March 31, 2001

| | |
|--|------------------|
| BIS Capital Ratio (%) | 11.39 |
| Tier I Ratio (%) | 5.97 |
| Tier I | ¥ 6,292.6 |
| Tier II | 5,914.6 |
| Unrealized Gains and Losses on Securities Posted | — |
| Revaluation Difference | 401.5 |
| Subordinated Debt | 4,718.5 |
| Deductions from Capital | 202.3 |
| Capital | 12,004.9 |
| Risk-based Assets | 105,317.9 |

Financial Analysis of MIZUHO

● Aggregated Figures of the Three Banks

1. Aggregated Figures of the Three Banks

Aggregated figures of the three banks are made up of simple totals of the non-consolidated results of DKB, Fuji Bank and IBJ.

Since the consolidated financial statements of MHHD are mainly made up of the non-consolidated financial statements of the three banks and no comparative figures were available due to this being the first fiscal year of MHHD, the following table is prepared for the readers' information.

Differences between MHHD Figures and Aggregated Figures of the Three Banks

(Billions of yen)

| | Fiscal year ended March 31, 2001 | | | |
|--------------------------------|----------------------------------|---|-----------------|---------------|
| | MHHD (Consolidated) (A) | Aggregated Figures of the Three Banks (B) | (A) – (B) | (B) / (A) |
| Gross Profits | ¥ 2,149.3 | ¥ 1,639.4 | ¥ 509.8 | 76.28% |
| Net Interest Income | 1,353.9 | 1,194.8 | 159.1 | 88.25 |
| Net Fiduciary Income | 65.1 | – | 65.1 | 0.00 |
| Net Fee and Commissions Income | 427.9 | 234.7 | 193.1 | 54.86 |
| Net Trading Income | 156.5 | 107.1 | 49.3 | 68.47 |
| Net Other Operating Income | 145.8 | 102.6 | 43.1 | 70.41 |
| Credit-related Costs | 851.9 | 693.8 | 158.1 | 81.44 |
| Net Income | 211.2 | 202.6 | 8.6 | 95.91 |
| Total Assets | 163,455.4 | 148,971.4 | 14,484.0 | 91.14 |
| Loans and Bills Discounted | 92,286.7 | 85,697.7 | 6,589.0 | 92.86 |
| Securities | 28,062.5 | 27,310.7 | 751.8 | 97.32 |

2. Profits and Losses

○ Profits and Losses

Aggregated Net Business Profits for the three banks (before Provision of General Reserve for Possible Losses on Loans) decreased by ¥23.6 billion from the previous year to ¥782.9 billion, primarily because of a fall in market-related profits.

As a result of the unwinding of cross shareholdings, Net Gains related to Stocks and Other Securities reached ¥321.5 billion.

Although Expenses related to Portfolio Problems decreased by ¥171.6 billion from the previous year, we nevertheless posted ¥695.5 billion in Expenses related to Portfolio Problems owing to strict self-assessments as part of our ongoing efforts to build a robust financial structure.

Net Income decreased by ¥48.6 billion from the previous year to ¥202.6 billion.

Profits and Losses (Aggregated Figures of the Three Banks)

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|--|-------------------------------------|-------------------------------------|-----------------|
| Domestic Gross Profits | ¥1,249.0 | ¥1,344.7 | ¥ (95.7) |
| International Gross Profits | 390.4 | 317.5 | 72.8 |
| Gross Profits | 1,639.4 | 1,662.3 | (22.8) |
| Net Interest Income | 1,194.8 | 1,330.1 | (135.3) |
| Net Fee and Commissions Income | 234.7 | 200.0 | 34.7 |
| Net Trading Income | 107.1 | 44.8 | 62.2 |
| Net Other Operating Income | 102.6 | 87.2 | 15.4 |
| Net Gains related to Bonds | 71.9 | 35.6 | 36.3 |
| General and Administrative Expenses (Excluding Non-recurring Expenses) | 856.4 | 850.2 | 6.2 |
| Debenture Costs | — | 5.4 | (5.4) |
| Net Business Profits (before Provision of General Reserve for Possible Losses on Loans) | 782.9 | 806.6 | (23.6) |
| Excluding Net Gains related to Bonds | 711.0 | 771.0 | (59.9) |
| Provision of General Reserve for Possible Losses on Loans | 1.6 | 25.0 | (23.3) |
| Net Business Profits | 784.6 | 831.6 | (47.0) |
| Net Non-recurring Gains / Losses | (469.3) | (259.2) | (210.0) |
| Net Gains related to Stocks and Other Securities | 321.5 | 691.7 | (370.1) |
| Expenses related to Portfolio Problems | (695.5) | (867.1) | 171.6 |
| Others | (95.3) | (83.8) | (11.5) |
| Income before Income Taxes | 315.3 | 572.4 | (257.1) |
| Income Tax Expenses—Current | 23.0 | 77.5 | (54.4) |
| Income Tax Expenses—Deferred | 89.6 | 243.5 | (153.9) |
| Net Income | ¥ 202.6 | ¥ 251.2 | ¥ (48.6) |

○ Gross Profits

Gross Profits decreased by ¥22.8 billion compared with the previous year to ¥1,639.4 billion, mainly because of a decrease of ¥135.3 billion in Net Interest Income.

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|--------------------------------------|-------------------------------------|-------------------------------------|-----------------|
| Net Interest Income | ¥1,194.8 | ¥1,330.1 | ¥(135.3) |
| Domestic Operations | 1,064.5 | 1,163.8 | (99.2) |
| International Operations | 130.2 | 166.3 | (36.0) |
| Net Fee and Commission Income | 234.7 | 200.0 | 34.7 |
| Domestic Operations | 156.7 | 139.8 | 16.8 |
| International Operations | 78.0 | 60.1 | 17.8 |
| Net Trading Income | 107.1 | 44.8 | 62.2 |
| Domestic Operations | 7.0 | 17.7 | (10.7) |
| International Operations | 100.1 | 27.0 | 73.0 |
| Net Other Operating Income | 102.6 | 87.2 | 15.4 |
| Domestic Operations | 20.6 | 23.2 | (2.6) |
| International Operations | 81.9 | 63.9 | 18.0 |
| Gross Profits | ¥1,639.4 | ¥1,662.3 | ¥ (22.8) |

Financial Analysis of MIZUHO

(1) Net Interest Income

Because of a decrease in market-related profits, Net Interest Income fell by ¥135.3 billion from the previous year to ¥1,194.8 billion. Domestic operations decreased by ¥99.2 billion to ¥1,064.5 billion, and international operations decreased by ¥36.0 billion to ¥130.2 billion.

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

(Billions of yen)

| | Average balance | | | Yield | | |
|--|-------------------------------------|-------------------------------------|------------------|-------------------------------------|-------------------------------------|----------------|
| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
| ■ Total | | | | | | |
| Use of Funds | ¥116,061.9 | ¥111,973.6 | ¥4,088.3 | 2.44% | 3.36% | (0.92)% |
| Loans and Bills Discounted | 84,440.4 | 84,101.6 | 338.7 | 2.49 | 2.37 | 0.12 |
| Securities | 24,685.7 | 21,303.9 | 3,381.7 | 1.78 | 1.84 | (0.06) |
| Source of Funds | ¥109,997.2 | ¥108,300.9 | ¥1,696.3 | 1.49% | 2.24% | (0.75)% |
| Deposits and Debentures | 92,504.3 | 92,947.7 | (443.3) | 1.07 | 0.92 | 0.15 |
| Interest Margins | / | / | / | 0.95 | 1.12 | (0.17) |
| Loan and Deposit Rate Margin (including Expenses) | / | / | / | 1.42 | 1.45 | (0.03) |
| ■ Domestic Operations | | | | | | |
| Use of Funds | ¥ 95,008.9 | ¥ 94,437.9 | ¥ 570.9 | 1.67% | 2.20% | (0.53)% |
| Loans and Bills Discounted | 71,981.3 | 71,433.6 | 547.6 | 1.86 | 1.94 | (0.08) |
| Securities | 20,023.0 | 17,640.2 | 2,382.7 | 0.95 | 1.24 | (0.29) |
| Source of Funds | ¥ 90,041.2 | ¥ 90,985.7 | ¥ (944.4) | 0.58% | 1.00% | (0.42)% |
| Deposits and Debentures | 78,349.8 | 80,643.7 | (2,293.9) | 0.44 | 0.49 | (0.05) |
| Interest Margins | / | / | / | 1.09 | 1.20 | (0.11) |
| Loan and Deposit Rate Margin (including Expenses) | / | / | / | 1.42 | 1.45 | (0.03) |
| ■ International Operations | | | | | | |
| Use of Funds | ¥ 22,781.2 | ¥ 21,167.6 | ¥1,613.6 | 5.90% | 8.04% | (2.14)% |
| Loans and Bills Discounted | 12,459.1 | 12,668.0 | (208.8) | 6.10 | 4.80 | 1.30 |
| Securities | 4,662.6 | 3,663.6 | 998.9 | 5.32 | 4.72 | 0.60 |
| Source of Funds | ¥ 21,684.2 | ¥ 20,947.1 | ¥ 737.0 | 5.60% | 7.33% | (1.73)% |
| Deposits and Debentures | 14,154.5 | 12,303.9 | 1,850.5 | 4.57 | 3.70 | 0.87 |
| Interest Margins | / | / | / | 0.30 | 0.71 | (0.41) |
| Loan and Deposit Rate Margin (including Expenses) | / | / | / | 1.53 | 1.10 | 0.43 |

Note: Deposits and Debentures include NCDs.

(2) Net Fee and Commissions Income

As a result of higher commissions on M&A, structured finance, syndicated loans and the sale of mutual funds, etc., Net Fee and Commissions Income increased by ¥34.7 billion from the previous year to ¥234.7 billion.

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|--|-------------------------------------|-------------------------------------|--------------|
| Fee and Commissions Income | ¥329.8 | ¥292.8 | ¥36.9 |
| Deposits, Debentures and Lending Business | 86.7 | 62.6 | 24.1 |
| Remittance Business | 113.7 | 110.4 | 3.2 |
| Securities-related Business | 29.2 | 28.9 | 0.3 |
| Agency Business | 27.3 | 24.7 | 2.5 |
| Safe Custody and Safety Deposit Box Business | 6.4 | 6.3 | 0.1 |
| Guarantee Business | 20.7 | 18.1 | 2.5 |
| Fee and Commissions Expenses | 95.0 | 92.8 | 2.2 |
| Remittance Business | 29.0 | 27.5 | 1.4 |

(3) Net Trading Income

Net Trading Income increased by ¥62.2 billion from the previous year to ¥107.1 billion.

(4) Net Other Operating Income

Net Other Operating Income increased by ¥15.4 billion year-to-year to ¥102.6 billion, owing to Net Gains related to Bonds, etc.

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|--|-------------------------------------|-------------------------------------|--------------|
| Total | ¥102.6 | ¥87.2 | ¥15.4 |
| Profits on Foreign Exchange Transactions | 29.7 | 60.6 | (30.8) |
| Net Gains related to Bonds | 71.9 | 35.6 | 36.3 |
| Domestic Operations | 20.6 | 23.2 | (2.6) |
| Net Gains related to Bonds | 12.6 | 22.6 | (9.9) |
| International Operations | 81.9 | 63.9 | 18.0 |
| Profits on Foreign Exchange Transactions | 29.7 | 60.6 | (30.8) |
| Net Gains related to Bonds | 59.3 | 13.0 | 46.3 |

○ Expenses

Despite ongoing efforts to rationalize general management and increase efficiency, General and Administrative Expenses increased by ¥6.2 billion from the previous year to ¥856.4 billion as a result of higher Personnel Expenses following the adoption of the Accounting Standard for Employee Retirement Benefits.

Although personnel cutbacks helped to reduce Personnel Expenses, adopting the Accounting Standard for Employee Retirement Benefits resulted in an increase of ¥3.5 billion, for a total of ¥352.8 billion.

Non-personnel Expenses increased by ¥4.8 billion from the previous year to ¥458.9 billion, largely because of the expense related to the establishment of the holding company.

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|-------------------------------|-------------------------------------|-------------------------------------|--------------|
| Personnel Expenses | ¥352.8 | ¥349.3 | ¥ 3.5 |
| Salaries and Remuneration | 278.2 | 293.6 | (15.3) |
| Non-personnel Expenses | 458.9 | 454.0 | 4.8 |
| Miscellaneous Taxes | 44.6 | 46.7 | (2.1) |
| Total | ¥856.4 | ¥850.2 | ¥ 6.2 |

Financial Analysis of MIZUHO

○ Net Business Profits

Net Business Profits (before Provision of General Reserve for Possible Losses on Loans) decreased by ¥23.6 billion from the previous year to ¥782.9 billion.

By business segment, profit from ALM and trading was down by ¥78.0 billion, but other business segments registered an overall increase of ¥54.4 billion.

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|---|-------------------------------------|-------------------------------------|----------------|
| Retail and Middle Market Business | ¥216.2 | ¥208.3 | ¥ 7.9 |
| Wholesale | 428.4 | 417.6 | 10.8 |
| Securities/Investment Banking/Trust/Asset Management, e-Business/Global Transaction Services | 31.8 | 17.4 | 14.4 |
| ALM and Trading | 153.1 | 231.1 | (78.0) |
| Total | ¥782.9 | ¥806.6 | ¥(23.6) |

○ Net Non-Recurring Gains / Losses and Net Income

(1) Net Gains Related to Stocks and Other Securities

Efforts to sell off stocks in line with our policy of reducing our stock holding portfolio paid off in ¥321.5 billion in Net Gains related to Stocks and Other Securities. We also retired shares worth ¥130.7 billion as part of our measures to strengthen our financial position.

(2) Expenses Related to Portfolio Problems

Expenses related to Portfolio Problems decreased by ¥171.6 billion from the previous year but still amounted to ¥695.5 billion in total. In light of the decline of the collateral value along with land prices and the deterioration of the financial condition of certain borrowers under the stagnant economy, the three banks took tough measures such as making write-offs and provisions, following self-assessments based on uniform standards.

By segment, Losses on Write-offs of Claims was ¥266.7 billion and Provision of Specific Reserve for Possible Losses on Loans was ¥241.9 billion.

(3) Others

Others includes a loss of ¥89.0 billion arising from the adoption of the Accounting Standard for Employee Retirement Benefits, etc.

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|--|-------------------------------------|-------------------------------------|-----------------|
| Net Gains related to Stocks and Other Securities | ¥ 321.5 | ¥ 691.7 | ¥(370.1) |
| Gains on Sales of Stocks and Other Securities | 578.0 | 1,015.1 | (437.0) |
| Losses on Sales of Stocks and Other Securities | (46.6) | (76.1) | 29.4 |
| Losses on Devaluation of Stocks and Other Securities | (130.7) | (236.8) | 106.1 |
| Provision of Reserves for Possible Losses on Securities | (77.6) | (10.4) | (67.1) |
| Gains/Losses on Derivatives other than for Trading | (1.4) | — | (1.4) |
| Expenses related to Portfolio Problems | 695.5 | 867.1 | (171.6) |
| Write-offs of Claims | 266.7 | 272.3 | (5.6) |
| Provision of Specific Reserve for Possible Losses on Loans | 241.9 | 373.4 | (131.5) |
| Losses on Sales of Loans to CCPC | 34.0 | 40.7 | (6.7) |
| Provision of Reserve for Possible Losses on Loans Sold | 52.0 | 100.0 | (48.0) |
| Losses on Support of Specific Borrowers | 23.2 | 80.3 | (57.0) |
| Provision of Reserve for Possible Losses on Support of Specific Borrowers | 59.7 | (34.2) | 93.9 |
| Provision of Reserve for Possible Losses on Loans to Restructuring Countries | (2.5) | (2.4) | 0 |
| Other Losses on Sales of Loans | 20.4 | 36.7 | (16.3) |
| Others | (95.3) | (83.8) | (11.5) |
| Net Non-recurring Losses | ¥(469.3) | ¥ (259.2) | ¥(210.0) |

(4) Current Income Tax Expenses, Etc.

Current Income Tax Expenses amounted to ¥23.0 billion, and Deferred Income Tax Expenses to ¥89.6 billion. The introduction of business taxes by the Osaka Prefectural Government had an impact of ¥19.4 billion.

(5) Net Income

Net Income thus decreased by ¥48.6 billion from the previous year to ¥202.6 billion.

3. Assets and Liabilities

Assets and Liabilities (Aggregated Figures of the Three Banks)

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 | Change |
|---|-------------------------------------|-------------------------------------|------------------|
| Total Assets | ¥148,971.4 | ¥134,364.0 | ¥14,607.3 |
| Loans and Bills Discounted | 85,697.7 | 85,952.7 | (255.0) |
| Securities | 27,310.7 | 21,185.6 | 6,125.0 |
| Trading Assets | 8,314.7 | 5,748.7 | 2,565.9 |
| Customers' Liabilities for Acceptances and Guarantees | 7,941.4 | 6,971.8 | 969.6 |
| Other Assets | 11,239.9 | 6,045.8 | 5,194.0 |
| Total Liabilities | 142,356.8 | 127,817.5 | 14,539.3 |
| Deposits | 75,923.6 | 73,371.6 | 2,552.0 |
| Debentures | 18,395.8 | 19,933.8 | (1,538.0) |
| Other Liabilities | 16,420.2 | 9,274.3 | 7,145.8 |
| Acceptances and Guarantees | 7,941.4 | 6,971.8 | 969.6 |
| Shareholders' Equity | ¥ 6,614.5 | ¥ 6,546.5 | ¥ 68.0 |

(1) Assets

Total Assets increased by ¥14,607.3 billion compared with the previous year to ¥148,971.4 billion.

Securities increased by ¥6,125.0 billion compared with the previous year to ¥27,310.7 billion. This resulted from the fact that while efforts to reduce the stock portfolio continued, outstanding JGBs increased. With regard to Other Unrealized Gains/Losses on Securities at year-end, the downward trend of the stock market resulted in unrealized losses of ¥253.9 billion.

Loans to small and medium-sized enterprises and residential housing loans increased, but overall Loans and Bills Discounted fell by ¥255.0 billion from the previous year-end to ¥85,697.7 billion as efforts to dispose of non-performing loans continued. Non-Accrual, Past Due & Restructured Loans amounted to ¥4,094.1 billion, or 4.78% of total Loans and Bills Discounted.

(2) Liabilities

Total Liabilities increased by ¥14,539.3 billion compared with the previous year to ¥142,356.8 billion.

Because of a rise in time deposits, Deposits increased by ¥2,552.0 billion compared with the previous year-end to ¥75,923.6 billion.

Debentures decreased by ¥1,538.0 billion compared with the previous year-end to ¥18,395.8 billion. The balance consisted of ¥13,006.5 billion in interest-bearing bonds and ¥5,389.2 billion in discounted bonds.

(3) Shareholders' Equity

Shareholders' Equity increased by ¥68.0 billion from the previous year-end to ¥6,614.5 billion as Retained Earnings increased.

■ DISCLOSURE OF ASSET QUALITY

Aggregated figures of the three banks are made up of simple totals of the non-consolidated results of DKB, Fuji Bank and IBJ.

● Self-Assessments, Write-Offs and Provisions

“Self-assessments” are carried out by the three banks on their own responsibility to enable them to prepare financial statements that reflect the actual quality of their assets by ascertaining the status of these assets in preparation for making appropriate write-offs and provisions based on corporate accounting principles.

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

- | | |
|-----------------------------------|---|
| ① Bankrupt Obligors | Obligors who have already gone bankrupt, from both legal and/or formal perspectives. |
| ② Substantially Bankrupt Obligors | Obligors who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious management difficulties and are not deemed to be capable of restructuring. |
| ③ Intensive Control Obligors | Obligors who are not yet bankrupt but are in management difficulties and are deemed to be very likely to go bankrupt in the future because they are finding it hard to make progress in implementing their management improvement plans (including obligors who are receiving ongoing support from financial institutions). |
| ④ Watch Obligors | Obligors who require close watching going forward because there are problems with their borrowings, such as reduced or suspended interest payments, problems with fulfillment such as de facto postponements of principal or interest payments, or problems with their financial positions as a result of poor or unstable business conditions. |
| ⑤ Normal Obligors | Obligors whose business conditions are favorable and who are deemed not to have any particular problems in terms of financial position. |

Next, assets are evaluated according to the likelihood that they will be collectible, based on collateral and guarantees for each obligor classification, and classified into Category I (Non-categorization), Category II, Category III and Category IV according to asset recovery risk in ascending order.

Write-offs and provisions are made according to obligor classifications and asset classifications on the basis of self-assessment results. The results as of March 31, 2001 are given on the following page.

● Non-Accrual, Past Due & Restructured Loans

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

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

On a consolidated basis, Non-Accrual, Past Due & Restructured Loans amounted to ¥4,556.2 billion as of March 31, 2001. On the basis of aggregated figures of the three banks, they amounted to ¥4,094.1 billion, decreasing by ¥571.1 billion compared with the previous year.

● **Disclosed Claims under the Financial Reconstruction Law**

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

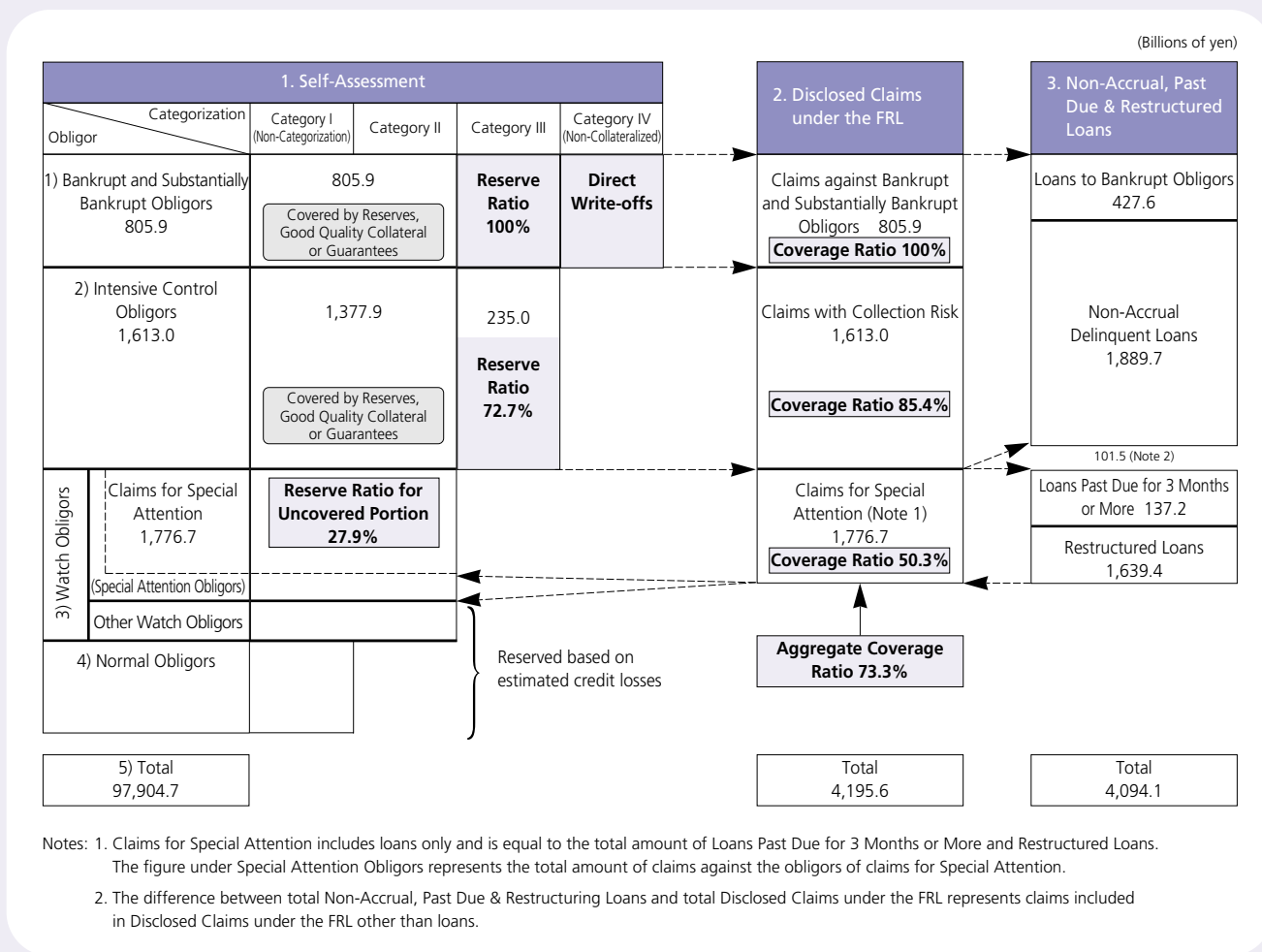
They are based on the obligor classifications used for self-assessments: claims on Bankrupt and Substantial Bankrupt Obligors are disclosed as Claims against Bankrupt and Substantially Bankrupt Obligors, claims on Intensive Control Obligors as Claims with Collection Risk, and among those claims on Watch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

On the basis of aggregated figures of the three banks, the balance of Disclosed Claims under the FRL as of March 31, 2001 decreased by ¥543.4 billion to ¥4,195.6 billion. Of this total, Claims against Bankrupt and Substantially Bankrupt Obligors was ¥805.9 billion, Claims with Collection Risk was ¥1,613.0 billion and Claims for Special Attention was ¥1,776.7 billion.

The difference of ¥101.5 billion between total Non-Accrual, Past Due & Restructuring Loans and total Disclosed Claims under the FRL represents claims other than loans included in Disclosed Claims under the FRL.

We believe MHHD has ample real coverage against the above claims in the form of reserves, collateral and guarantees. Coverage ratios at the end of March 2001 stood at 100% for Claims against Bankrupt and Substantially Bankrupt Obligors, 85.4% for Claims with Collection Risk, 50.3% for Claims for Special Attention and 73.3% overall.

● **Overview of Disclosure on Problem Loans (Aggregated Figures of the 3 Banks)**



Financial Analysis of MIZUHO

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

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 |
|-------------------------------------|----------------------------------|
| Loans to Bankrupt Obligors | ¥ 470.0 |
| Non-Accrual Delinquent Loans | 2,169.6 |
| Loans Past Due for 3 Months or More | 124.8 |
| Restructured Loans | 1,791.7 |
| Total | ¥4,556.2 |
| Note: | (Billions of yen) |
| | Fiscal year ended March 31, 2001 |
| Amount of Direct Charge-offs | ¥2,735.6 |

Ratio to Total Loans (Balance as of March 31, 2001) (After Direct Charge-offs of Category IV Loans)

| | Fiscal year ended March 31, 2001 |
|---|----------------------------------|
| Loans to Bankrupt Obligors | 0.51% |
| Non-Accrual Delinquent Loans | 2.35 |
| Loans Past Due for 3 Months or More | 0.14 |
| Restructured Loans | 1.94 |
| Non-Accrual, Past Due & Restructured Loans / Total Loans (at March 31, 2001) | 4.94% |

Status of Loan Loss Reserves

(Billions of yen)

| | Fiscal year ended March 31, 2001 |
|---|----------------------------------|
| Reserve for Possible Losses on Loans (After Direct Charge-offs of Category IV Loans) | ¥1,627.6 |
| General Reserve for Possible Losses on Loans | 780.7 |
| Specific Reserve for Possible Losses on Loans | 817.9 |
| Reserve for Possible Losses on Loans to Restructuring Countries | 28.9 |
| Reserve for Possible Losses on Support of Specific Borrowers | 159.6 |
| Reserve for Possible Losses on Loans Sold | 199.0 |
| Note: | (Billions of yen) |
| | Fiscal year ended March 31, 2001 |
| Amount of Direct Charge-offs (Specific Reserve for Possible Losses on Loans) | ¥2,838.0 |

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

| | Fiscal year ended March 31, 2001 |
|--|----------------------------------|
| Before Direct Charge-offs of Category IV Loans | 63.43% |
| After Direct Charge-offs of Category IV Loans | 39.23 |

Note: Reserve ratio: (Reserve for Possible Losses on Loans + Reserve for Possible Losses on Support of Specific Borrowers) / Total Non-Accrual, Past Due & Restructured Loans.

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

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|-------------------------------------|----------------------------------|----------------------------------|
| Loans to Bankrupt Obligors | ¥ 427.6 | ¥ 330.5 |
| Non-Accrual Delinquent Loans | 1,889.7 | 2,631.2 |
| Loans Past Due for 3 Months or More | 137.2 | 199.6 |
| Restructured Loans | 1,639.4 | 1,503.8 |
| Total | ¥4,094.1 | ¥4,665.2 |

Note:

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|---|----------------------------------|----------------------------------|
| Amount of Direct Charge-offs (Specific Reserve for Possible Losses on Loans) | ¥2,125.3 | ¥1,918.9 |

Ratio to Total Loans (Balance at March 31, 2001) (After Direct Charge-offs of Category IV Loans)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|---|----------------------------------|----------------------------------|
| Loans to Bankrupt Obligors | 0.50% | 0.39% |
| Non-Accrual Delinquent Loans | 2.21 | 3.07 |
| Loans Past Due for 3 Months or More | 0.16 | 0.23 |
| Restructured Loans | 1.91 | 1.76 |
| Non-Accrual, Past Due & Restructured Loans / Total Loans (at March 31, 2001) | 4.78% | 5.45% |

Status of Loan Loss Reserves

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|---|----------------------------------|----------------------------------|
| Reserve for Possible Losses on Loans (After Direct Charge-offs of Category IV Loans) | ¥1,339.7 | ¥1,797.2 |
| General Reserve for Possible Losses on Loans | 553.8 | 546.4 |
| Specific Reserve for Possible Losses on Loans | 760.0 | 1,223.2 |
| Reserve for Possible Losses on Loans to Restructuring Countries | 25.8 | 27.4 |
| Reserve for Possible Losses on Support of Specific Borrowers | 176.7 | 224.7 |
| Reserve for Possible Losses on Loans Sold | 195.3 | 300.6 |
| Loans to CCPC | 311.8 | 528.1 |

Notes: 1.

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|---|----------------------------------|----------------------------------|
| Amount of Direct Charge-offs (Specific Reserve for Possible Losses on Loans) | ¥2,202.9 | ¥1,986.1 |

2. CCPC: Cooperative Credit Purchasing Company, Ltd.

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

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|--|----------------------------------|----------------------------------|
| Before Direct Charge-offs of Category IV Loans | 59.80% | 60.87% |
| After Direct Charge-offs of Category IV Loans | 37.04 | 43.34 |

Note: Reserve ratio: (Reserve for Possible Losses on Loans + Reserve for Possible Losses on Support of Specific Borrowers) / Total Non-Accrual, Past Due & Restructured Loans.

Financial Analysis of MIZUHO

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

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

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|---|----------------------------------|----------------------------------|
| Claims against Bankrupt and Substantially Bankrupt Obligors | ¥ 805.9 | ¥ 754.2 |
| Claims with Collection Risk | 1,613.0 | 2,281.4 |
| Claims for Special Attention | 1,776.7 | 1,703.4 |
| Subtotal | 4,195.6 | 4,739.1 |
| Normal Claims | 93,709.1 | 90,488.7 |
| Total | ¥97,904.8 | ¥95,227.9 |

Note:

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|---|----------------------------------|----------------------------------|
| Amount of Direct Charge-offs (Specific Reserve for Possible Losses on Loans) | ¥2,202.9 | ¥1,986.1 |

Status of Coverage on Disclosed Claims under the FRL

(Billions of yen)

| | Fiscal year ended March 31, 2001 | Fiscal year ended March 31, 2000 |
|--|----------------------------------|----------------------------------|
| Coverage Amount | ¥3,077.1 | ¥3,752.0 |
| Reserve for Possible Losses on Loans | 879.5 | 1,305.3 |
| Reserve for Possible Losses on Support of Specific Borrowers | 176.4 | 224.7 |
| Collateral and Guarantees | 2,021.1 | 2,222.0 |
| Coverage Ratio (after Direct Charge-offs of Category IV Loans) | 73.3% | 79.2% |
| Claims against Bankrupt and Substantially Bankrupt Obligors | 100.0 | 100.0 |
| Claims with Collection Risk | 85.4 | 88.1 |
| Claims for Special Attention | 50.3 | 57.9 |
| Coverage Ratio (before Direct Charge-offs of Category IV Loans) | 82.5 | 85.3 |
| Reserve Ratio against Non-collateralized Claims | | |
| Claims against Bankrupt and Substantially Bankrupt Obligors | 100.0% | 100.0% |
| Claims with Collection Risk | 72.7 | 79.5 |
| Claims for Special Attention | 27.9 | 32.3 |
| Reserve Ratio against Other Claims (%) | | |
| Claims against Watch Obligors excluding Claims for Special Attention | 3.94% | 3.74% |
| Normal Claims | 0.10 | 0.13 |

● Status of Loans by Industry

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

(Billions of yen)

| | March 31, 2001 | March 31, 2000 | Change |
|--|------------------|------------------|-------------------|
| Domestic Offices (excluding loans booked at offshore markets) | ¥75,203.8 | ¥76,365.5 | ¥(1,161.6) |
| Manufacturing | 11,491.7 | 11,841.2 | (349.4) |
| Agriculture | 106.7 | 109.4 | (2.6) |
| Forestry | 3.9 | 3.9 | (0.0) |
| Fishery | 59.9 | 58.1 | 1.7 |
| Mining | 82.8 | 102.5 | (19.6) |
| Construction | 2,912.4 | 3,013.5 | (101.1) |
| Utilities | 1,729.9 | 2,028.3 | (298.4) |
| Transportation & Communication | 4,461.4 | 3,854.0 | 607.3 |
| Wholesale, Retail & Restaurant | 11,057.5 | 11,355.3 | (297.7) |
| Finance & Insurance | 9,469.3 | 10,095.5 | (626.2) |
| Real Estate | 8,122.3 | 8,237.0 | (114.6) |
| Services | 11,752.9 | 12,065.3 | (312.3) |
| Local Government | 257.0 | 349.7 | (92.7) |
| Others | 13,695.5 | 13,251.0 | 444.5 |
| Overseas Offices and loans booked at offshore markets | 10,493.8 | 9,231.9 | 1,261.8 |
| Governments | 436.9 | 535.5 | (98.5) |
| Financial Institutions | 549.9 | 867.0 | (317.0) |
| Others | 9,506.8 | 7,829.4 | 1,677.4 |
| Total | ¥85,697.7 | ¥85,597.4 | ¥ 100.2 |

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

(Billions of yen)

| | March 31, 2001 | | March 31, 2000 | |
|--|--|--------------------------------|--|--------------------------------|
| | Non-Accrual, Past Due & Restructured Loans | Disclosed Claims under the FRL | Non-Accrual, Past Due & Restructured Loans | Disclosed Claims under the FRL |
| Domestic Offices (excluding loans booked at offshore markets) | ¥3,745.4 | ¥3,794.4 | ¥4,405.8 | ¥4,462.8 |
| Manufacturing | 206.8 | 208.3 | 183.2 | 186.5 |
| Agriculture | 21.3 | 21.3 | 21.5 | 21.6 |
| Forestry | 0.1 | 0.1 | — | — |
| Fishery | 0.4 | 0.4 | 0.1 | 0.1 |
| Mining | 1.8 | 1.9 | 3.0 | 7.8 |
| Construction | 492.6 | 493.1 | 554.2 | 561.2 |
| Utilities | 2.1 | 2.1 | 4.1 | 4.1 |
| Transportation & Communication | 47.5 | 47.6 | 57.8 | 57.9 |
| Wholesale, Retail & Restaurant | 556.6 | 569.5 | 720.3 | 734.7 |
| Finance & Insurance | 303.4 | 315.9 | 439.0 | 439.8 |
| Real Estate | 1,031.8 | 1,033.7 | 1,050.1 | 1,052.7 |
| Services | 781.2 | 797.6 | 1,091.3 | 1,112.2 |
| Local Government | — | — | — | — |
| Others | 299.1 | 302.4 | 280.4 | 283.6 |
| Overseas Offices and loans booked at offshore markets | 348.6 | 401.1 | 259.4 | 276.3 |
| Governments | 17.4 | 21.5 | 19.4 | 19.4 |
| Financial Institutions | 9.0 | 9.0 | 9.6 | 9.6 |
| Others | 322.2 | 370.6 | 230.3 | 247.2 |
| Total | ¥4,094.1 | ¥4,195.6 | ¥4,665.2 | ¥4,739.1 |

Financial Analysis of MIZUHO

● Results of Off-Balancing Problem Loans (Aggregated Figures of the Three Banks)

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

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

(Billions of yen)

| | End of first half of fiscal 2000 | End of second half of fiscal 2000 | Change |
|---|-------------------------------------|--------------------------------------|-----------------|
| Claims against Bankrupt and Substantially Bankrupt Obligors | ¥1,040.0 | ¥ 663.8 | ¥(376.0) |
| Claims with Collection Risk | 1,425.5 | 1,080.9 | (344.5) |
| Total | ¥2,465.6 | ¥1,744.8 | ¥(720.7) |
| | | (A) | (B) |

Types of Off-Balancing Problem Loans

(Billions of yen)

| | Second half of fiscal 2000 |
|--------------------|----------------------------|
| Liquidation | ¥(218.3) |
| Reconstruction | (45.8) |
| Securitization | (169.1) |
| Direct Charge-offs | 41.1 |
| Others | (328.2) |
| Total | ¥(720.7) |
| | (B) |

Note: "Others" includes collection and improvements in obligors' situation.

○ Problem Loans in the Second Half of Fiscal 2000 (Problem Loans generated additionally)

(Billions of yen)

| | Second half of fiscal 2000 |
|---|----------------------------|
| Claims against Bankrupt and Substantially Bankrupt Obligors | ¥141.9 |
| Claims with Collection Risk | 531.9 |
| Total | ¥673.9 |
| | (C) |

Note: The above is the amount of newly generated Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk generated additionally in the second half of fiscal 2000.

The Outstanding Balance of Claims against Bankrupt and Substantially Bankrupt Obligors and Claims with Collection Risk in the Second Half of Fiscal 2000

(Billions of yen)

| | Second half of fiscal 2000 |
|---|----------------------------|
| Claims against Bankrupt and Substantially Bankrupt Obligors | ¥ 805.9 |
| Claims with Collection Risk | 1,613.0 |
| Total | ¥2,418.9 |
| | (A)+(C) |

■ IMPLEMENTATION OF THE REVITALIZATION PLAN (FISCAL 2000)

Aggregated figures of the three banks are made up of simple totals of the non-consolidated results of DKB, Fuji Bank and IBJ.

● Income Trends

Aggregated Net Business Profits for the three banks (before Provision of General Reserve for Possible Losses on Loans) stood at ¥782.9 billion. In the market trading operations, this was ¥46.3 billion below the planned targets, largely because of a decline in market-related profits, but, excluding market-related profits, Net Business Profits was ¥48.5 billion above the planned targets. Net Income amounted to ¥202.6 billion, ¥38.3 billion less than the plan. MHHD's Consolidated BIS Capital Adequacy Ratio was 11.39%, which is above the planned level.

(Billions of yen)

| | Fiscal 2000 | Fiscal 2000 (Plan) | Fiscal 1999 |
|---|-------------|--------------------|----------------------------|
| Net Business Profits (before Provision of General Reserve for Possible Losses on Loans) (Aggregated Figures of the Three Banks) | ¥782.9 | ¥829.2 | ¥806.6 |
| Ordinary Profits (Aggregated Figures of the Three Banks) | 388.1 | 409.3 | 581.1 |
| Net Income (Aggregated Figures of the Three Banks) | 202.6 | 240.9 | 251.2 |
| Net Income (Five Core Subsidiaries) ^(Note 1) | 190.7 | 247.4 | 245.9 |
| Consolidated Risk-based Capital Ratio (BIS Capital Adequacy Ratio) | 11.39% | 11.15% | 11.68% ^(Note 2) |

Notes: 1. "Five Core Subsidiaries" refers to DKB, Fuji Bank, IBJ, Mizuho Securities and Mizuho Trust & Banking.

2. Results for fiscal 2000 are computed by aggregating the figures of the BIS Capital Adequacy Ratio for the three banks.

3. A "fiscal year" is the period from April to March each year.

● Progress in Restructuring Measures

As a result of the steady implementation of various restructuring measures, expenses amounted to ¥856.4 billion. This reduction was greater than initially planned.

The following tables also show the results achieved in meeting the planned targets for domestic offices, overseas offices and number of directors and employees.

Expenses (Aggregated Figures of the Three Banks)

(Billions of yen)

| | Fiscal 2000 | Fiscal 2000 (Plan) | Fiscal 1999 |
|------------------------|-------------|-------------------------|-------------|
| Expenses | ¥856.4 | ¥912.2 | ¥850.2 |
| Personnel Expenses | 352.8 | 350.8 ^(Note) | 349.3 |
| Non-personnel Expenses | 458.9 | 507.8 | 454.0 |

Note: ¥371.5 billion, if the figure at the time the plan was drawn up is revised to reflect the impact of the change in the Accounting Standard for Employee Retirement Benefits.

Financial Analysis of MIZUHO

Number of Domestic and Overseas Offices (Aggregated Figures of the Three Banks)

| | Fiscal 2000 | Fiscal 2000 (Plan) | Fiscal 1999 |
|---|-------------|--------------------|-------------|
| Number of Domestic Branches ^(Note 1) | 588 | 588 | 608 |
| Number of Overseas Branches ^(Note 2) | 45 | 45 | 49 |
| (Reference) Number of Overseas Subsidiaries ^(Note 3) | 37 | 44 | 48 |

Notes: 1. Excluding sub-branches, agencies, in-store branches, branches for remittance-receiving purposes only, specialist joint-use ATM management branches and the exclusive Internet branch.

2. Excluding marketing offices and representative offices.

3. Consolidated subsidiaries in which MHHD has a direct equity position of over 50%, excluding special-purpose companies (SPCs).

Number of Directors and Employees (Aggregated Figures of MHHD and the Three Banks)

| | Fiscal 2000 | Fiscal 2000 (Plan) | Fiscal 1999 |
|--|-------------|--------------------|-------------|
| Members of the Board of Directors and Auditors ^(Note 1) | 51 | 59 | 90 |
| Employees ^(Note 2) | 32,068 | 32,449 | 33,631 |

Notes: 1. Includes directors of MHHD.

2. Aggregate for clerical employees and general employees. Includes full-time employees seconded to other companies; excludes part-time employees, part-timers and temporary staff.

● Progress in Domestic Lending

Lending to Small/Medium-Sized Companies increased by ¥381.2 billion, ¥131.2 billion more than the target contained in the plan. Although demand for funds remained weak, efforts to broaden the range of loan products available and strengthen acceptance procedures in response to the healthy funding needs of customers brought rewards.

(Billions of yen)

| | Fiscal 2000 | | Fiscal 2000 | Fiscal 1999 |
|--|-------------|----------|----------------|-------------|
| | Balance | Change | Planned Change | Balance |
| Domestic Lending (Aggregated Figures of the Three Banks) | ¥75,719.9 | ¥(226.5) | ¥665.0 | ¥75,946.4 |
| Lending to Small/Medium-Sized Companies | 33,695.4 | 381.2 | 250.0 | 33,314.2 |
| Housing Loans | 11,255.2 | 313.7 | — | 10,941.5 |

Note: Domestic Lending and Lending to Small/Medium-Sized Companies (excluding impact loans).

The Mizuho logo graphic, consisting of three overlapping circles and three curved lines, is positioned in the upper left quadrant of the page.

Financial Data of MIZUHO

Mizuho Holdings' Financial Data

Chapter 9

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ChuoAoyama Audit Corporation

Century Ota Showa & Co.

The Board of Directors
Mizuho Holdings, Inc.

We have audited the accompanying consolidated balance sheet of Mizuho Holdings, Inc. (“MHHD”) and its consolidated subsidiaries as of March 31, 2001, and the related consolidated statements of income, shareholders’ equity and cash flows for the year then ended, all expressed in Japanese yen. Our audit was made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of MHHD and its consolidated subsidiaries as of March 31, 2001, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

The amounts expressed in U.S. dollars in the accompanying consolidated financial statements are provided solely for the convenience of the reader. We have also reviewed the translation of Japanese yen into U.S. dollar amounts and, in our opinion, such translation has been made on the basis set forth in Note 1 to the consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Century Ota Showa

Century Ota Showa & Co.

Tokyo, Japan
June 26, 2001

See Note 1 to the consolidated financial statements which explains the basis of presentation of the consolidated financial statements of MHHD and its consolidated subsidiaries under Japanese accounting principles and practices.

Consolidated Balance Sheet

Mizuho Holdings, Inc.
March 31, 2001

| | Millions of yen March 31, 2001 | Thousands of U.S. dollars (Note 1) March 31, 2001 |
|---|-----------------------------------|---|
| ASSETS | | |
| Cash and Due from Banks | ¥ 5,011,232 | \$ 40,445,783 |
| Call Loans and Bills Purchased | 2,343,046 | 18,910,784 |
| Other Debt Purchased | 703,619 | 5,678,928 |
| Trading Assets (Note 4) | 10,877,475 | 87,792,378 |
| Money Held in Trust | 392,367 | 3,166,812 |
| Securities (Note 5) | 28,062,563 | 226,493,654 |
| Loans and Bills Discounted (Note 6) | 92,286,772 | 744,848,850 |
| Foreign Exchange Assets (Note 7) | 845,277 | 6,822,257 |
| Other Assets (Note 8) | 14,940,725 | 120,586,966 |
| Premises and Equipment (Note 9) | 1,713,356 | 13,828,544 |
| Deferred Debenture Charges (Note 10) | 9,531 | 76,926 |
| Deferred Tax Assets (Note 34) | 1,663,971 | 13,429,952 |
| Consolidation Differences | 107,764 | 869,772 |
| Customers' Liabilities for Acceptances and Guarantees (Note 23) | 6,129,641 | 49,472,490 |
| Reserve for Possible Losses on Loans (Note 11) | (1,627,632) | (13,136,660) |
| Reserve for Possible Losses on Securities | (4,233) | (34,165) |
| Total Assets | ¥163,455,480 | \$1,319,253,271 |
| LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Deposits (Note 13) | ¥ 80,176,482 | \$ 647,106,400 |
| Debentures (Note 14) | 17,848,257 | 144,053,734 |
| Call Money and Bills Sold (Note 15) | 13,208,076 | 106,602,715 |
| Commercial Paper (Note 16) | 2,369,254 | 19,122,315 |
| Trading Liabilities (Note 4) | 4,687,700 | 37,834,551 |
| Borrowed Money (Note 17) | 3,871,945 | 31,250,566 |
| Foreign Exchange Liabilities (Note 7) | 273,849 | 2,210,248 |
| Bonds and Notes (Note 18) | 3,998,017 | 32,268,102 |
| Convertible Bonds (Note 19) | 8,088 | 65,280 |
| Due to Trust Account | 1,826,412 | 14,741,024 |
| Other Liabilities (Note 20) | 21,186,842 | 170,999,538 |
| Reserve for Employee Retirement Benefits (Note 21) | 126,050 | 1,017,360 |
| Reserve for Possible Losses on Loans Sold | 199,093 | 1,606,885 |
| Reserve for Possible Losses on Support of Specific Borrowers | 159,628 | 1,288,365 |
| Other Reserves (Note 22) | 24,740 | 199,685 |
| Deferred Tax Liabilities (Note 34) | 11,462 | 92,518 |
| Deferred Tax Liabilities for Revaluation Reserve for Land (Note 24) | 343,728 | 2,774,243 |
| Acceptances and Guarantees (Note 23) | 6,129,641 | 49,472,490 |
| Total Liabilities | 156,449,275 | 1,262,706,019 |
| Minority Interests | | |
| | 751,933 | 6,068,876 |
| Shareholders' Equity | | |
| Common Stock and Preferred Stock (Note 25) | 2,572,000 | 20,758,676 |
| Capital Surplus | 2,203,747 | 17,786,505 |
| Revaluation Reserve for Land, net of Taxes (Note 24) | 548,533 | 4,427,226 |
| Retained Earnings | 1,107,231 | 8,936,497 |
| Foreign Currency Translation Adjustments | (175,430) | (1,415,901) |
| Subtotal | 6,256,083 | 50,493,003 |
| Treasury Stock | (1,812) | (14,627) |
| Total Shareholders' Equity | 6,254,270 | 50,478,376 |
| Total Liabilities, Minority Interests and Shareholders' Equity | ¥163,455,480 | \$1,319,253,271 |

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

Consolidated Statement of Income

Mizuho Holdings, Inc.

For the fiscal year ended March 31, 2001

| | Millions of yen | Thousands of U.S. dollars (Note 1) |
|--|------------------|---------------------------------------|
| | Fiscal 2000 | Fiscal 2000 |
| Income | | |
| Interest Income (Note 26) | ¥3,512,272 | \$28,347,641 |
| Fiduciary Income | 65,111 | 525,513 |
| Fee and Commissions Income | 513,194 | 4,142,004 |
| Trading Income (Note 27) | 156,508 | 1,263,186 |
| Other Operating Income (Note 28) | 577,125 | 4,657,992 |
| Other Income (Note 29) | 1,089,530 | 8,793,627 |
| Total Income | 5,913,742 | 47,729,963 |
| Expenses | | |
| Interest Expenses (Note 26) | 2,158,303 | 17,419,719 |
| Fee and Commissions Expenses | 85,262 | 688,153 |
| Other Operating Expenses (Note 30) | 431,320 | 3,481,198 |
| General and Administrative Expenses | 1,228,618 | 9,916,210 |
| Other Expenses (Note 31) | 1,530,161 | 12,349,968 |
| Total Expenses | 5,433,665 | 43,855,248 |
| Income before Income Taxes and Minority Interests | 480,077 | 3,874,715 |
| Income Tax Expenses: | | |
| Current | 51,621 | 416,635 |
| Deferred | 146,376 | 1,181,406 |
| Minority Interests in Net Income | 70,819 | 571,587 |
| Net Income | ¥ 211,260 | \$ 1,705,087 |

| | Yen | U.S. dollars |
|----------------------------------|------------|--------------|
| Per Share of Common Stock | | |
| Net Income: | | |
| Basic | ¥20,524.13 | \$165.65 |
| Diluted | 20,109.99 | 162.31 |
| Cash Dividends | 7,000* | 56.50 |

*Stock transfer payments of ¥3,500 per common stock instead of interim cash dividends paid to shareholders of DKB, Fuji Bank and IBJ as of September 27, 2000, are included.

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

Consolidated Statement of Shareholders' Equity

Mizuho Holdings, Inc.

For the fiscal year ended March 31, 2001

| | Millions of yen | | | | | | |
|--|----------------------------------|-------------------|------------------------------|-------------------|--|-----------------|----------------------------|
| | Common Stock and Preferred Stock | Capital Surplus | Revaluation Reserve for Land | Retained Earnings | Foreign Currency Translation Adjustments | Treasury Stock | Total Shareholders' Equity |
| Balance at April 1, 2000 | ¥2,572,000 | ¥2,247,155 | ¥565,652 | ¥ 917,065 | ¥(194,129) | ¥(7,597) | ¥6,100,145 |
| Stock Transfer Payments | — | (43,407) | — | — | — | — | (43,407) |
| Effect of the Change in Scope of Consolidated Subsidiaries | — | — | — | 730 | — | — | 730 |
| Transfer from Revaluation Reserve for Land | — | — | (21,748) | 21,748 | — | — | — |
| Transfer from Deferred Tax Liabilities Related to Land | — | — | 4,629 | — | — | — | 4,629 |
| Effect on the Change in Scope of Consolidated Subsidiaries | — | — | — | (147) | — | — | (147) |
| Exclusion from Consolidation of Affiliates | — | — | — | (17) | — | — | (17) |
| Change during the Year | — | — | — | — | 18,699 | — | 18,699 |
| Cash Dividends | — | — | — | (43,407) | — | — | (43,407) |
| Bonuses to Directors and Statutory Auditors | — | — | — | (0) | — | — | (0) |
| Net Income | — | — | — | 211,260 | — | — | 211,260 |
| Treasury Stock Transactions | — | — | — | — | — | 5,785 | 5,785 |
| Balance at March 31, 2001 | ¥2,572,000 | ¥2,203,747 | ¥548,533 | ¥1,107,231 | ¥(175,430) | ¥(1,812) | ¥6,254,270 |

| | Thousands of U.S. dollars (Note 1) | | | | | | |
|--|------------------------------------|---------------------|------------------------------|--------------------|--|-------------------|----------------------------|
| | Common Stock and Preferred Stock | Capital Surplus | Revaluation Reserve for Land | Retained Earnings | Foreign Currency Translation Adjustments | Treasury Stock | Total Shareholders' Equity |
| Balance at April 1, 2000 | \$20,758,676 | \$18,136,847 | \$4,565,392 | \$7,401,659 | \$(1,566,827) | \$(61,319) | \$49,234,428 |
| Stock Transfer Payments | — | (350,342) | — | — | — | — | (350,342) |
| Effect of the Change in Scope of Consolidated Subsidiaries | — | — | — | 5,894 | — | — | 5,894 |
| Transfer from Revaluation Reserve for Land | — | — | (175,531) | 175,531 | — | — | — |
| Transfer from Deferred Tax Liabilities related to Land | — | — | 37,365 | — | — | — | 37,365 |
| Effect on the Change in Scope of Consolidated Subsidiaries | — | — | — | (1,188) | — | — | (1,188) |
| Exclusion from Consolidation of Affiliates | — | — | — | (137) | — | — | (137) |
| Change during the Year | — | — | — | — | 150,926 | — | 150,926 |
| Cash Dividends | — | — | — | (350,341) | — | — | (350,341) |
| Bonuses to Directors and Statutory Auditors | — | — | — | (7) | — | — | (7) |
| Net Income | — | — | — | 1,705,086 | — | — | 1,705,086 |
| Treasury Stock Transactions | — | — | — | — | — | 46,692 | 46,692 |
| Balance at March 31, 2001 | \$20,758,676 | \$17,786,505 | \$4,427,226 | \$8,936,497 | \$(1,415,901) | \$(14,627) | \$50,478,376 |

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

Consolidated Statement of Cash Flows

Mizuho Holdings, Inc.

For the fiscal year ended March 31, 2001

| | Millions of yen Fiscal 2000 | Thousands of U.S. dollars (Note 1) Fiscal 2000 |
|--|--------------------------------|--|
| I. Cash Flows from Operating Activities | | |
| Income before Income Taxes and Minority Interests | ¥ 480,077 | \$ 3,874,715 |
| Depreciation | 75,283 | 607,611 |
| Amortization of Consolidation Differences | 23,002 | 185,655 |
| Equity in Earnings from Investments in Affiliates | (18,036) | (145,573) |
| Decrease in Reserve for Possible Losses on Loans | (421,915) | (3,405,288) |
| Decrease in Reserve for Possible Losses on Securities | (7,631) | (61,596) |
| Decrease in Reserve for Possible Losses on Loans Sold | (110,663) | (893,168) |
| Decrease in Reserve for Possible Losses on Support of Specific Borrowers | (64,023) | (516,731) |
| Increase in Reserve for Contingencies | 10,094 | 81,473 |
| Decrease in Reserve for Retirement Allowance | (145,991) | (1,178,303) |
| Increase in Reserve for Employee Retirement Benefits | 125,957 | 1,016,607 |
| Interest Income—accrual basis | (3,512,272) | (28,347,641) |
| Interest Expenses—accrual basis | 2,158,303 | 17,419,719 |
| Gains on Securities | (700,515) | (5,653,876) |
| Losses from Money Held in Trust | 9,000 | 72,644 |
| Translation Differences | (578,274) | (4,667,266) |
| Losses on Disposal of Premises and Equipment | 38,337 | 309,427 |
| Gains on Establishment of Retirement Benefit Trusts | (11,789) | (95,154) |
| Net Increase in Trading Assets | (582,053) | (4,697,764) |
| Net Decrease in Trading Liabilities | (79,145) | (638,786) |
| Net Decrease in Loans and Bills Discounted | 442,231 | 3,569,264 |
| Net Increase in Deposits | 2,203,779 | 17,786,756 |
| Net Decrease in Debentures (excluding Subordinated Debentures) | (1,531,894) | (12,363,956) |
| Net Decrease in Borrowed Money (excluding Subordinated Borrowed Money) | (182,296) | (1,471,320) |
| Net Decrease in Due from Banks (excluding Deposits with Central Banks) | 253,674 | 2,047,415 |
| Net Increase in Negotiable Certificates of Deposit | (46,169) | (372,636) |
| Net Decrease in Call Loans | 716,387 | 5,781,979 |
| Net Decrease in Cash Placed as Collateral on Securities Borrowed | 192,795 | 1,556,056 |
| Net Increase in Call Money | 2,053,226 | 16,571,643 |
| Net Increase in Commercial Paper | 981,573 | 7,922,306 |
| Net Increase in Cash Received as Collateral for Securities Lent | 907,528 | 7,324,688 |
| Net Decrease in Foreign Exchange Assets | 54,677 | 441,303 |
| Net Decrease in Foreign Exchange Liabilities | (77,391) | (624,627) |
| Net Decrease in Issuance, Redemption of Bonds and Notes | (104,109) | (840,267) |
| Net Increase in Due to Trust Account | 246,308 | 1,987,962 |
| Interest Income—cash basis | 3,526,703 | 28,464,111 |
| Interest Expenses—cash basis | (2,210,161) | (17,838,272) |
| Others—net | (1,154,274) | (9,316,180) |
| Subtotal | 2,960,333 | 23,892,930 |
| Cash Paid in Income Taxes | (41,535) | (335,233) |
| Net Cash Provided by Operating Activities | ¥2,918,798 | \$ 23,557,697 |

| | Millions of yen | Thousands of U.S. dollars |
|---|--------------------|------------------------------|
| | Fiscal 2000 | Fiscal 2000 |
| II. Cash Flows from Investing Activities | | |
| Payments from Purchase of Securities | ¥(80,782,961) | \$(652,001,302) |
| Proceeds from Sale of Securities | 58,620,081 | 473,124,146 |
| Proceeds from Redemption of Securities | 18,957,642 | 153,007,610 |
| Payments from Increase in Money Held in Trust | (756,913) | (6,109,066) |
| Proceeds from Decrease in Money Held in Trust | 655,289 | 5,288,854 |
| Payments from Purchase of Premises and Equipment | (117,718) | (950,106) |
| Proceeds from Sale of Premises and Equipment | 63,299 | 510,890 |
| Payments from Purchase of Stock of Subsidiaries (not affecting the scope of consolidation) | (961) | (7,757) |
| Proceeds from Sale of Stock of Subsidiaries (not affecting the scope of consolidation) | 47 | 386 |
| Net Cash Used in Investing Activities | (3,362,193) | (27,136,345) |
| III. Cash Flows from Financing Activities | | |
| Proceeds from Issuance of Subordinated Borrowed Money | 166,000 | 1,339,790 |
| Repayments of Subordinated Borrowed Money | (306,778) | (2,476,015) |
| Proceeds from Issuance of Subordinated Bonds, Notes and Convertible Bonds | 316,134 | 2,551,526 |
| Repayments from Redemption of Subordinated Bonds, Notes and Convertible Bonds | (381,781) | (3,081,364) |
| Proceeds from Investments in Minority Interests | 800 | 6,457 |
| Dividends Paid | (43,407) | (350,341) |
| Stock Transfer Payments | (43,351) | (349,889) |
| Dividends Paid for Minority Interests | (42,259) | (341,076) |
| Payments from Purchase of Treasury Stock | (2,814) | (22,712) |
| Proceeds from Sales of Treasury Stock | 2,693 | 21,743 |
| Net Cash Used in Financing Activities | (334,763) | (2,701,881) |
| IV. Effects of Exchange Rate Changes on Cash and Cash Equivalents | 15,074 | 121,663 |
| V. Net Decrease in Cash and Cash Equivalents | (763,083) | (6,158,866) |
| VI. Cash and Cash Equivalents at the Beginning of the Year | 2,982,889 | 24,074,976 |
| VII. Net Decrease in Cash and Cash Equivalents Resolved from Exclusion of Subsidiaries from the Scope of Consolidation | (0) | (4) |
| VIII. Cash and Cash Equivalents at the End of the Year | ¥ 2,219,805 | \$ 17,916,106 |

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

Notes to the Consolidated Financial Statements

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Mizuho Holdings, Inc. ("MHHD") and its consolidated subsidiaries in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan (the "Japanese GAAP"). The Japanese GAAP may differ to some degree from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau are reclassified for the convenience of readers outside Japan. In addition, the Consolidated Statement of Shareholders' Equity is presented and included in the consolidated financial statements, though it is not required to be filed with the Director of the Kanto Finance Bureau. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but are presented herein as additional information.

On September 29, 2000, The Dai-Ichi Kangyo Bank, Limited ("DKB"), The Fuji Bank, Limited ("Fuji Bank") and The Industrial Bank of Japan, Limited ("IBJ") (collectively, the "Three Banks") established MHHD by way of stock transfers. As a result of this transaction, each of the Three Banks has become a wholly-owned subsidiary of MHHD.

The formation of MHHD and the stock-for-stock exchange of the Three Banks (the "Combination") were accounted for using the pooling-of-interests method in accordance with "Accounting for the consolidation of the holding company established by Stock Exchange or Stock Transfers" (JICPA Accounting Committee Research Report No. 6) and, as such, the assets and liabilities of the Three Banks are combined at book value. In addition, the Consolidated Statement of Income gives effect to the transaction as if the transaction occurred at the beginning of the fiscal year presented, regardless of when the Combination was in effect.

As there are no accounting requirements for the financial statements to be restated for prior periods under Japanese GAAP, the opening balances of the fiscal year in the Consolidated Statement of Shareholders' Equity are presented, assuming MHHD had existed as of April 1, 2000.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

2. PRINCIPLES OF CONSOLIDATION

(1) Scope of consolidation

The consolidated financial statements include the accounts of MHHD and its subsidiaries (collectively, "MHFG"), including DKB, Fuji Bank, IBJ, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd. and 285 other subsidiaries. The consolidated financial statements do not include the accounts of ONKD, Inc., Nippon Carriere Co., Ltd. and other subsidiaries, as they are considered immaterial in terms of the respective group ownerships of Total Assets and Net Income / Net Loss and Retained Earnings.

Investments in 91 affiliates, including The CIT Group, Inc., The Chiba Kogyo Bank, Ltd. and Shinko Securities Co., Ltd., are accounted for under the equity method. Non-consolidated subsidiaries, including ONKD, Inc. and Nippon Carriere Co., Ltd. and certain affiliates, are not accounted for under the equity method, as they are not significant on the consolidated financial statements of MHHD.

All significant intercompany accounts and transactions have been eliminated. In addition, all significant unrealized profit included in assets resulting from transactions within the MHFG has also been eliminated.

The accounting standard for consolidated financial statements requires a company to consolidate all subsidiaries of which the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

(2) Year-end dates of consolidated subsidiaries

The accompanying consolidated financial statements include the accounts of subsidiaries whose fiscal year-ends are other than March 31. Fiscal year-ends of such subsidiaries are principally December 31.

Subsidiaries with fiscal year-ends of June 30, 2000, October 31, 2000 and November 30, 2000, performed tentative annual closing and prepared financial statements as of and for the year ended December 31, 2000. Other consolidated subsidiaries are consolidated based on respective fiscal year-ends after making necessary adjustments for significant transactions recorded during the period between these subsidiaries' fiscal year-ends and the date of the consolidated financial statements.

(3) Application of pooling-of-interests method

The Combination is accounted for by the pooling-of-interests method as risks and benefits are mutually shared by the former shareholders of the Three Banks and the acquiring entity is unable to be identified. The basis for this conclusion is as follows:

- 1) Almost all of the common stocks with voting rights of the Three Banks are exchanged with those of MHHD with substantially identical rights, and there are no significant restrictions to voting rights, etc., on those exchanged stocks.
- 2) Fair values of the Three Banks are not significantly different from one another. Market capitalizations of each of the Three Banks as of August 18, 1999, the day before the announcement of the Combination, were not significantly different from one another. Market capitalizations, calculated by the number of voting common stocks issued multiplied by the closing price at the Tokyo Stock Exchange on August 18, 1999, were as follows:

DKB: 1.094

Fuji Bank: 1.258

IBJ: 1.000

(Market capitalization of IBJ = 1.000)

Furthermore, market capitalizations based on the average closing price for the period from April 1, 1999 through August 18, 1999, which were used to calculate the stock exchange ratio, were not significantly different from one another as follows:

DKB: 1.078

Fuji Bank: 1.192

IBJ: 1.000

(Market capitalization of IBJ = 1.000)

- 3) None of the Three Banks has dominance in decision-making processes of MHHD relating to significant financial, operating or business policies.
- 4) None of the Three Banks has dominance in the Board of Directors or other decision-making bodies of MHHD.

(4) Amortization of difference between cost and underlying interests

In principle, the difference between the fair value of net assets and the cost of the acquired subsidiary is being amortized over a period within 20 years from the date of acquisition, and the unamortized balance is recorded as Consolidation Differences on the Consolidated Balance Sheet. If these amounts have no material impact on the consolidated financial statements of MHHD, it is charged or credited to income in the year of acquisition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Trading Assets and Trading Liabilities

Trading transactions intended to take advantage of short-term fluctuations and arbitrage opportunities in interest rates, currency exchange rates, market prices of securities and related indices are recognized on a trade date basis and recorded in Trading Assets or Trading Liabilities on the Consolidated Balance Sheet.

Securities and other short-term credit instruments held for trading purposes are stated at fair value at the balance sheet date. Derivative financial products, such as swaps, forward contracts and option transactions, are stated at their fair values, assuming that such transactions were terminated and settled at the balance sheet date.

Trading Income and Trading Expenses include the interest received and interest paid during the fiscal year, the gains or losses resulting from any change in the value of securities and monetary claims between the beginning and the end of the fiscal year and the gains or losses resulting from any change in the value of financial derivatives between the beginning and the end of the fiscal year, assuming they were settled at the end of the fiscal year.

(2) Securities

MHHD adopted the Accounting Standard for Financial Instruments which requires securities to be classified into three categories based upon the management's intent and these securities to be accounted for as follows:

- (i) trading securities are carried at market value and included in Trading Assets.
- (ii) bonds held to maturity are stated at amortized cost as determined by the moving average method although MHHD had no such bonds as of March 31, 2001.
- (iii) securities being available for sale, which are not classified as either of the above securities, are stated at cost or amortized cost as determined by mainly the moving average method.

In addition, investments in non-consolidated subsidiaries and affiliates which are not accounted for by the equity method are valued at cost as determined by the moving average method.

Securities included in Money Held in Trust are valued mainly on a mark-to-market basis.

(3) Derivatives

Derivative transactions other than for trading purposes are valued at fair value with changes in value charged to income. Derivatives, which are qualified as hedges, are mainly accounted for using the deferral method of hedge accounting (see the following note).

(4) Hedge Accounting

The macro-hedge method is adopted by the domestic banking and certain trust banking consolidated subsidiaries to manage the overall interest rate risks inherent in various financial assets and liabilities, such as loans and deposits, using derivatives. This risk management method is referred to as the "Risk-Adjusted Approach" in "Tentative Accounting and Auditing Treatment relating to Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No.15), under which the deferral method of hedge accounting is used. The effectiveness of hedges is assessed by checking (i) whether the total net risk amount of derivative instruments, used to reduce risk, falls within the risk limit determined in the risk management policy, and (ii) whether interest risk exposures from hedged items have been reduced.

For certain other assets or liabilities, MHHH applies the deferral method, the fair value method or accrual method specifically allowed for certain interest swaps under the new accounting standard for financial instruments. Under the deferral method, the recognition of income or expenses arising from a hedging instrument is deferred when income or expense arising on the hedged items is recognized. Under the fair value method, any changes in the fair value of the hedged item or hedging instrument are recognized as income or expense as incurred.

Hedge accounting similar to the above-mentioned is adopted by consolidated subsidiaries other than certain domestic consolidated leasing subsidiaries. "Portfolio Hedge for Liabilities" is adopted by such leasing subsidiaries to manage, using derivatives, cash flow risk inherent in the gaps between lease payments received (long-term, fixed rate) and funding liabilities (short-term, variable rate). This hedge method is prescribed in "Tentative Accounting and Auditing Treatment relating to Adoption of 'Accounting for Financial Instruments' for Leasing Companies" (JICPA Industry Audit Committee Report No.19) and the deferral method is adopted for hedge accounting. The contract amount and the unrealized losses of derivative transactions used for this Portfolio Hedge for Liabilities, mainly interest rate swaps, are ¥79,800 million (\$644,068 thousand) and ¥1,857 million (\$14,995 thousand), respectively.

(5) Translation of Foreign Currencies

Assets and liabilities, held by the domestic banking and trust banking consolidated subsidiaries, denominated in foreign currencies are translated into yen primarily using the exchange rates prevailing at the balance sheet date. However, the following items are translated at historical exchange rates: (i) investments in foreign companies, excluding those funded by foreign currencies, and (ii) foreign currency assets and liabilities which were determined inappropriate to be included in the balance of spot foreign currency assets and liabilities by the domestic banking and trust banking consolidated subsidiaries. The accounts of overseas branches are translated into yen using the exchange rates prevailing at the balance sheet date. Foreign currency assets and liabilities held by other consolidated subsidiaries are translated into yen at the exchange rates prevailing at the end of the fiscal years of the respective subsidiaries.

(6) Premises and Equipment

Depreciation of buildings has been computed mainly by the straight-line method, and that of equipment has been computed mainly by the declining-balance method with the following range of useful lives:

| | |
|-----------|---------------------|
| Buildings | 3 years to 50 years |
| Equipment | 2 years to 20 years |

(7) Software

Development costs for internally used software are capitalized and amortized under the straight-line method over their estimated useful lives of mainly five years.

(8) Deferred Debenture Charges

Deferred Debenture Charges are amortized as follows:

Debenture discounts are amortized over the term of the debenture.

Debenture issuance costs are amortized over the term of the debentures, up to the maximum of three years, which is the longest period permitted under the Commercial Code of Japan.

(9) Reserve for Possible Losses on Loans

Reserves for Possible Losses on Loans of major domestic consolidated subsidiaries are maintained in accordance with internally established standards for write-offs and provisions:

- For credits extended to obligors that are legally bankrupt under the Bankruptcy Law, Special Liquidation in the Commercial Law or the like (“Bankrupt Obligors”), and to obligors that are effectively in similar conditions (“Substantially Bankrupt Obligors”), reserves are maintained at 100% of amounts of claims net of expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.
- For credits extended to obligors that have not yet gone legally or formally bankrupt but who are substantially bankrupt, reserves are maintained at the amount deemed necessary based on overall solvency analyses, out of the amount of claims less expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.
- For credits extended to other obligors, reserves are maintained at rates derived from historical credit loss experiences, etc.
- Reserves for Possible Losses on Loans to Restructuring Countries (including Reserves for Losses on Overseas Investments prescribed in Article 55-2 of the Exceptions to the Tax Laws Act) are maintained in order to cover possible losses based on the analyses of political and economic climates of the countries.

All credits are assessed by each credit origination department, and the results of the assessments are verified and examined by the independent examination department. Reserves for Possible Losses on Loans are provided on the basis of such audited assessments.

In case of loans to bankrupt obligors or substantially bankrupt obligors, who are collateralized or guaranteed by a third party, the amounts deemed uncollectible are charged off against the respective loan balances. The total charge-off amount is ¥2,838,028 million (\$22,905,796 thousand) at the end of the fiscal year.

Other consolidated subsidiaries provide the amount necessary to cover the loan losses based upon past experience for general claims, and their management’s assessment for other claims.

(10) Reserve for Possible Losses on Securities

Reserves for Possible Losses on Securities are maintained to provide against possible losses on securities, after taking into consideration the financial conditions and other relevant factors concerning the subject entity.

(11) Reserve for Employee Retirement Benefits

Reserve for Employee Retirement Benefits, which is provided for the future pension payment to employees, is recorded as the amount accrued at the end of the fiscal year, based on the projected benefit obligation and the estimated pension plan asset amounts at the end of the fiscal year.

Unrecognized actuarial gains or losses are recognized as income or expenses from the following fiscal year under the straight-line method over a certain term within the average remaining service period of the current employees.

With respect to unrecognized net obligation at the date of initial application amounting to ¥351,530 million (\$2,837,213 thousand), ¥144,166 million (\$1,163,573 thousand) has currently been expensed due to the establishment of the retirement benefit trust, and the remainder is to be recognized equally as an expense over mainly five years.

The consolidated subsidiaries principally have funded pension plans for their employees.

(12) Reserve for Possible Losses on Loans Sold

Reserve for Possible Losses on Loans Sold is provided to cover possible losses on loans sold to the Cooperative Credit Purchasing Company, Limited, taking into account the value of collateral pledged.

(13) Reserve for Possible Losses on Support of Specific Borrowers

Reserve for Possible Losses on Support of Specific Borrowers is provided to cover losses on write-offs of loans to assist or facilitate the restructuring of certain borrowers.

(14) Lease Transactions

Finance leases of MHHD and domestic consolidated subsidiaries that do not involve the transfer of ownership to the lessee at the end of the lease term are accounted for as operating leases.

Lease transactions of foreign consolidated subsidiaries are principally accounted for as either capital leases or operating leases.

(15) Scope of Cash and Cash Equivalents in Consolidated Statement of Cash Flows

In the Consolidated Statement of Cash Flows, Cash and Cash Equivalents consist of cash and due from central banks.

(16) Income Taxes

Deferred Tax Accounting is adopted for corporate income taxes, local inhabitants' taxes and enterprise taxes. The asset and liabilities method is used to provide income taxes on all transactions recorded in the consolidated financial statements. Deferred income taxes are determined based on the differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements, using enacted tax rates which will be in effect when the differences are expected to reverse.

(17) Appropriation of Retained Earnings

Cash dividends and bonuses to directors and statutory auditors are recorded in the fiscal year in which the proposed appropriation of Retained Earnings is approved by the Board of Directors and/or by the general meeting of the shareholders.

(18) Net Income per Share

Net Income per Share is computed based on the weighted-average number of shares of common stock outstanding during the fiscal year.

Net Income per Share (diluted) is computed based on the average number of shares of common stock outstanding during the fiscal year, after giving effect to the dilutive potential of the shares of common stock to be issued upon the conversion of preferred stock.

4. TRADING ASSETS AND LIABILITIES

Trading Assets and Liabilities at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Trading Assets: | | |
| Trading Securities | ¥ 6,116,519 | \$49,366,585 |
| Derivatives for Trading Securities | 2,449 | 19,772 |
| Securities Held to Hedge Trading Transactions | 47,602 | 384,201 |
| Derivatives for Securities Held to Hedge Trading Transactions | 382 | 3,087 |
| Derivatives for Trading Transactions | 2,952,840 | 23,832,447 |
| Other Trading Assets | 1,757,680 | 14,186,286 |
| Total | ¥10,877,475 | \$87,792,378 |
| Trading Liabilities: | | |
| Trading Securities Oversold | ¥1,425,289 | \$11,503,548 |
| Derivatives for Trading Securities | 1,402 | 11,323 |
| Securities Oversold to Hedge Trading Transactions | 45,691 | 368,775 |
| Derivatives for Securities Held to Hedge Trading Transactions | 491 | 3,966 |
| Derivatives for Trading Transactions | 3,214,825 | 25,946,939 |
| Total | ¥4,687,700 | \$37,834,551 |

5. SECURITIES

Securities at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Japanese National Government Bonds | ¥11,641,796 | \$ 93,961,228 |
| Japanese Local Government Bonds | 476,375 | 3,844,839 |
| Japanese Corporate Bonds | 1,126,151 | 9,089,199 |
| Japanese Stock and Shares* ¹ | 8,391,951 | 67,731,653 |
| Others* ² | 6,426,288 | 51,866,735 |
| Total | ¥28,062,563 | \$226,493,654 |

*¹ Japanese Stock and Shares included investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method of ¥141,211 million (\$1,139,718 thousand) at March 31, 2001.

*² Others included investments in non-consolidated subsidiaries and affiliates which are not accounted for under the equity method of ¥234,687 million (\$1,894,165 thousand) at March 31, 2001.

6. LOANS AND BILLS DISCOUNTED

Loans and Bills Discounted at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--|--------------------|---------------------------|
| Bills Discounted | ¥ 1,278,023 | \$ 10,314,959 |
| Loans on Notes | 13,167,367 | 106,274,155 |
| Loans on Deeds | 58,106,258 | 468,977,065 |
| Overdrafts | 18,593,064 | 150,065,091 |
| Financing Receivables, including Factoring, Leasing and Property Financing | 1,142,058 | 9,217,580 |
| Total | ¥92,286,772 | \$744,848,850 |

Loans and Bills Discounted at March 31, 2001 included the following:

| | Millions of yen | Thousands of U.S. dollars |
|---------------------------------------|-------------------|---------------------------|
| Loans to Bankrupt Borrowers*1 | ¥ 470,031 | \$ 3,793,636 |
| Non-Accrual Delinquent Loans*2 | 2,169,692 | 17,511,643 |
| Loans Past Due for 3 Months or More*3 | 124,800 | 1,007,272 |
| Restructured Loans*4 | 1,791,770 | 14,461,423 |
| Total | ¥4,556,295 | \$36,773,974 |

*1 Loans to Bankrupt Borrowers represent nonaccrual loans to borrowers who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order).

*2 Non-Accrual Delinquent Loans represent nonaccrual loans other than (i) Bankruptcy Loans and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

*3 Loans to Bankrupt Borrowers or Non-Accrual Delinquent Loans, both of which are classified as nonaccrual, are not included in this category.

*4 Restructured Loans represent loans on which contracts were amended in favor of borrowers (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, or renunciation of claims) in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Commitment Line for Loans

Overdraft protection on current accounts and contracts for the commitment line for loans are contracts by which consolidated subsidiaries are bound to extend loans up to the prearranged amount, at the request of customers, unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounts to ¥46,196,982 million (\$372,857,004 thousand). ¥39,820,509 million (\$321,392,328 thousand) of this amount relates 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 MHHD and its consolidated subsidiaries. A provision is included in many of these contracts that entitles the consolidated subsidiaries to refuse the execution of loans, or reduce the maximum amount under contracts when there is a change in the financial situation, necessity to preserve a claim, or other similar reasons. The consolidated subsidiaries obtain, moreover, real estate or securities as collateral at the time the contracts are entered into, if needed, and subsequently monitor a customer's business condition periodically, based on and in accordance with procedures established, and take measures to control credit risks such as amendments to the contracts, if needed.

7. FOREIGN EXCHANGE ASSETS AND LIABILITIES

Foreign Exchange Assets and Liabilities at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------------|-----------------|---------------------------|
| Foreign Exchange Assets: | | |
| Foreign Bills Bought | ¥486,300 | \$3,924,943 |
| Foreign Bills Receivable | 269,833 | 2,177,833 |
| Advance to Foreign Banks | 7,165 | 57,829 |
| Due from Banks (Foreign) | 81,978 | 661,652 |
| Total | ¥845,277 | \$6,822,257 |
| Foreign Exchange Liabilities: | | |
| Foreign Bills Sold | ¥ 33,081 | \$ 267,001 |
| Foreign Bills Payable | 27,654 | 223,204 |
| Advance from Foreign Banks | 75,929 | 612,832 |
| Due to Banks (Foreign) | 137,183 | 1,107,211 |
| Total | ¥273,849 | \$2,210,248 |

8. OTHER ASSETS

Other Assets at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--|--------------------|---------------------------|
| Accrued Income | ¥ 442,344 | \$ 3,570,174 |
| Prepaid Expenses | 97,462 | 786,624 |
| Cash Placed as Collateral on Securities Borrowed | 2,785,176 | 22,479,226 |
| Securities in Custody and Other | 4,787,890 | 38,643,180 |
| Deferred Hedge Losses*1 | 516,356 | 4,167,524 |
| Derivatives | 2,190,966 | 17,683,343 |
| Others*2 | 4,120,529 | 33,256,895 |
| Total | ¥14,940,725 | \$120,586,966 |

*1 Deferred Hedge Losses is net realized or unrealized losses from hedging instruments. The gross amounts of deferred hedge gains and losses before netting are ¥1,901,193 million (\$15,344,579 thousand) and ¥2,417,549 million (\$19,512,103 thousand), respectively.

*2 Others included provisional tax payments of ¥222,682 million (\$1,797,276 thousand) made by IBJ. These payments were made upon receipt of the Correction Notice from the Tokyo Regional Taxation Bureau ("TRTB") on August 23, 1996 in connection with the write-off of credits due from Japan Housing Loan, Inc., amounting to ¥376,055 million (\$3,035,149 thousand) recorded in the fiscal year ended March 1996. The subsidiary disputed the rationale for the proposed correction and filed an application seeking to void the proposed correction to the National Tax Tribunal for administrative review. This was dismissed on October 28, 1997. On October 30, 1997, the subsidiary filed a lawsuit with the Tokyo District Court seeking to void the TRTB's administrative action against the subsidiary and won the case entirely on March 2, 2001, but this has been appealed to the Tokyo High Court on March 16, 2001.

9. PREMISES AND EQUIPMENT

Premises and Equipment at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--------------------------|-------------------|---------------------------|
| Land | ¥1,093,175 | \$ 8,823,049 |
| Buildings | 288,300 | 2,326,879 |
| Equipment | 79,333 | 640,300 |
| Others | 252,547 | 2,038,316 |
| Total | ¥1,713,356 | \$13,828,544 |
| Accumulated Depreciation | ¥ 793,130 | \$ 6,401,377 |

10. DEFERRED DEBENTURE CHARGES

Deferred Debenture Charges at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|-----------------------------------|-----------------|---------------------------|
| Deferred Discount on Debentures | ¥7,617 | \$61,479 |
| Deferred Debenture Issuance Costs | 1,913 | 15,447 |
| Total | ¥9,531 | \$76,926 |

11. RESERVE FOR POSSIBLE LOSSES ON LOANS

Reserve for Possible Losses on Loans at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| General Reserve for Possible Losses on Loans | ¥ 780,774 | \$ 6,301,648 |
| Specific Reserve for Possible Losses on Loans | 817,943 | 6,601,644 |
| Reserve for Possible Losses on Loans to Restructuring Countries | 28,914 | 233,368 |
| Total | ¥1,627,632 | \$13,136,660 |

12. ASSETS PLEDGED AS COLLATERAL

The following assets were pledged as collateral at March 31, 2001.

| | Millions of yen | Thousands of U.S. dollars |
|--------------------------------|-----------------|---------------------------|
| Cash and Due from Banks | ¥ 1,761 | \$ 14,217 |
| Call Loans and Bills Purchased | 50,000 | 403,551 |
| Trading Assets | 1,002,499 | 8,091,200 |
| Securities | 7,473,073 | 60,315,367 |
| Loans and Bills Discounted | 3,273,799 | 26,422,921 |
| Other Assets | 344,964 | 2,784,220 |
| Premises and Equipment | 136 | 1,102 |

The following liabilities were collateralized by the above assets:

| | Millions of yen | Thousands of U.S. dollars |
|---------------------------|-----------------|---------------------------|
| Deposits | ¥ 452,944 | \$ 3,655,725 |
| Call Money and Bills Sold | 5,870,347 | 47,379,718 |
| Trading Liabilities | 235,254 | 1,898,748 |
| Borrowed Money | 77,274 | 623,685 |
| Other Liabilities | 64,898 | 523,797 |

In addition, Borrowed Money amounting to ¥7,593 million (\$61,288 thousand) was pledged by stocks which are deposited by customers as collateral for loan transactions in relation to sales of securities. In addition, the settlement accounts of foreign currency transactions or margins for futures transactions are collateralized or substituted by Cash and Due from Banks of ¥95,536 million (\$771,076 thousand), Trading Assets of ¥15,943 million (\$128,681 thousand), Securities of ¥3,454,548 million (\$27,881,746 thousand), Loans and Bills Discounted of ¥368,116 million (\$2,971,077 thousand) and Other Assets of ¥45,734 million (\$369,128 thousand). None of the assets pledged are collateral in connection with borrowings by the unconsolidated subsidiaries and the affiliates.

Guarantee deposits amounting to ¥184,914 million (\$1,492,448 thousand) were included in Premises and Equipment. Margins for futures transactions amounting to ¥46,429 million (\$374,735 thousand) and margins on securities borrowed amounting to ¥2,785,176 million (\$22,479,226 thousand) were included in Other Assets.

13. DEPOSITS

Deposits at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------|--------------------|---------------------------|
| Current Deposits | ¥ 4,902,910 | \$ 39,571,513 |
| Ordinary Deposits | 17,662,700 | 142,556,095 |
| Deposits at Notice | 1,935,274 | 15,619,645 |
| Time Deposits | 37,020,164 | 298,790,674 |
| Certificates of Deposit | 12,851,673 | 103,726,175 |
| Others | 5,803,760 | 46,842,298 |
| Total | ¥80,176,482 | \$647,106,400 |

14. DEBENTURES

IBJ issues debentures twice a month and offers them to institutional and private investors as a main source of funds for its operations. It provides debentures with a variety of different terms in order to attract more investors. Debentures at March 31, 2001, were as follows:

| Description of Debentures | Millions of yen | Thousands of U.S. dollars | Interest rates |
|---|-------------------------------|-------------------------------|----------------|
| One-Year Discount Debentures | ¥ 5,388,567 [5,388,567] | \$ 43,491,259 [43,491,259] | 0.11%–0.34% |
| One-Year Discount Debentures (custody only) | 400 [400] | 3,232 [3,232] | 0.06% |
| Five-Year Coupon Debentures (Series A) | 9,478,533 [2,169,188] | 76,501,477 [17,507,571] | 1.00%–2.70% |
| Five-Year Coupon Debentures (Series B) | 198,578 [52,441] | 1,602,732 [423,256] | 0.20%–2.30% |
| Five-Year Coupon Debentures (with compounding interests) | 940,695 [209,228] | 7,592,381 [1,688,691] | 0.20%–2.30% |
| Five-Year Coupon Debentures (savings-type) | 802,892 [109,821] | 6,480,164 [886,369] | 0.20%–2.30% |
| Five-Year Coupon Debentures (savings-type with compounding interests) | 93,158 [16,380] | 751,888 [132,211] | 0.20%–2.30% |
| Two-year Coupon Debentures | 917,900 [598,100] | 7,408,394 [4,827,280] | 0.30%–0.75% |
| Debentures Denominated in Foreign Currencies | 27,531 [—] (US\$85,000) | 222,207 [—] | 3.60%–9.37% |
| Total | ¥17,848,257 | \$144,053,734 | |

Notes: 1. Figures indicated in brackets [] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in original currency in parentheses ().

3. Repayments for Debentures are scheduled for the next five years as follows:

| | |
|-------------|--|
| Fiscal 2001 | ¥8,544,127 million (\$68,959,870 thousand) |
| 2002 | ¥2,685,858 million (\$21,677,635 thousand) |
| 2003 | ¥2,165,786 million (\$17,480,118 thousand) |
| 2004 | ¥2,118,029 million (\$17,094,671 thousand) |
| 2005 | ¥2,324,734 million (\$18,762,994 thousand) |

4. No collateral was provided for the above Debentures.

15. CALL MONEY AND BILLS SOLD

Call Money and Bills Sold at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--------------|--------------------|---------------------------|
| Call Money | ¥11,810,988 | \$ 95,326,786 |
| Bills Sold | 1,397,087 | 11,275,929 |
| Total | ¥13,208,076 | \$106,602,715 |

16. COMMERCIAL PAPER

Commercial Paper at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars | Average interest rate*1 |
|------------------|-----------------|---------------------------|-------------------------|
| Commercial Paper | ¥2,369,254 | \$19,122,315 | 1.72% |

*1 The average interest rate is the weighted-average interest rate of debts calculated from the interest rates and outstanding balances at year-end.

17. BORROWED MONEY

Borrowed Money at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars | Average interest rate*1 |
|----------------------|-------------------|---------------------------|-------------------------|
| Bills Rediscounted | ¥ 10,680 | \$ 86,200 | 5.21% |
| Other Borrowings*2,3 | 3,861,264 | 31,164,366 | 3.56 |
| Total | ¥3,871,945 | \$31,250,566 | 3.57% |

*1 Average interest rates are weighted-average interest rates of debts calculated from the interest rates and outstanding balances at year-end.

*2 Other Borrowings included subordinated debt of ¥2,261,707 million (\$18,254,296 thousand) at March 31, 2001.

*3 Repayments for Other Borrowings are scheduled for the next five years as follows:

| | |
|-------------|---|
| Fiscal 2001 | ¥856,278 million (\$6,911,047 thousand) |
| 2002 | ¥904,598 million (\$7,301,038 thousand) |
| 2003 | ¥173,815 million (\$1,402,872 thousand) |
| 2004 | ¥316,366 million (\$2,553,399 thousand) |
| 2005 | ¥351,478 million (\$2,836,795 thousand) |

18. BONDS AND NOTES

Major components of Bonds and Notes at March 31, 2001 were as follows:

| Issuer | Description | Issue | Millions of yen | Thousands of U.S. dollars | Interest rates | Due |
|-----------------|----------------|-------------------------|---|---------------------------|----------------|------------|
| Mizuho Holdings | Straight Bonds | Nov. 22, 2000 | ¥ 850,000 [—] | \$ 6,860,371 [—] | 0.88%–1.23% | Mar. 2008– |
| *1 | Straight Bonds | Mar. 1998– Mar. 2001 | 168,100 [—] | 1,356,740 [—] | 1.38%–2.58% | Dec. 2010– |
| *2 | Straight Bonds | Sept. 1997 | 3,100 [—] | 25,020 [—] | 3.00% | Nov. 2012 |
| *3 | Straight Bonds | Dec. 1991– Mar. 2001 | 797,523 [10,380] (US\$505,000) (GBP 7,000) | 6,436,829 [83,782] | 0.51%–8.39% | Jan. 2001– |
| *4 | Straight Bonds | Mar. 1993– Mar. 2001 | 1,583,650 [275,721] (US\$8,393,058) | 12,781,679 [2,225,353] | 0.40%–8.62% | Apr. 2001– |
| *5 | Straight Bonds | June 1989– Dec. 2000 | 595,644 [34,769] (US\$414,442) (EUR 9,130) | 4,807,463 [280,628] | 0.05%–8.80% | Apr. 2001– |
| Total | | | ¥3,998,017 | \$32,268,102 | | |

Notes: 1. Figures indicated in brackets [] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in original currencies in brackets ().

3. Repayments for Bonds and Notes are scheduled for the next five years as follows:

| | |
|-------------|---|
| Fiscal 2001 | ¥320,871 million (\$2,589,763 thousand) |
| 2002 | ¥236,867 million (\$1,911,766 thousand) |
| 2003 | ¥135,422 million (\$1,092,995 thousand) |
| 2004 | ¥ 76,357 million (\$ 616,284 thousand) |
| 2005 | ¥ 28,482 million (\$ 229,886 thousand) |

4. Bonds and Notes at March 31, 2001 includes subordinated bonds and notes of ¥3,191,880 million (\$25,761,745 thousand).

*1 indicates the total amount of straight bonds issued by the domestic consolidated subsidiary, The Yasuda Trust and Banking Company, Ltd.

*2 indicates the amount of straight bonds issued by IBJ.

*3 indicates the total amount of straight bonds issued by the overseas consolidated subsidiaries such as DKB Finance (Aruba) A.E.C., Dai-ichi Kangyo Australia Ltd., DKB Asia Ltd. and others.

*4 indicates the total amount of straight bonds issued by the overseas consolidated subsidiaries such as The Fuji Bank and Trust Company, Fuji International Finance (Australia) Ltd., Heller Financial, Inc., YTB Finance (Aruba) A.E.C., and Fuji Finance (Cayman) Ltd.

*5 indicates the total amount of straight bonds issued by the overseas consolidated subsidiaries such as The Industrial Bank of Japan Finance Company N.V., Mizuho International plc, IBJ Australia Bank Ltd.

19. CONVERTIBLE BONDS

Convertible Bonds at March 31, 2001 consisted of the following:

| Issuer | Description of Debentures | Issue | Millions of yen | Thousands of U.S. dollars | Interest rates | Due |
|--------|---------------------------|-------------------------|---------------------------------|---------------------------|----------------|---------------------------|
| * | Convertible Bonds | Nov. 1986– July 1988 | ¥8,088 [371] (US\$65,280) | \$65,280 | 1.75%–2.87% | Sept. 2001– Sept. 2003 |

Notes: 1. Figures indicated in brackets [] represent the amounts to be redeemed within one year.

2. The amount of foreign currency denominated bonds is shown in original currency in brackets ().

3. Details of conditions are as follows:

| Description | Convertible Period | Conversion price | Issuing share | Capitalization |
|---|------------------------------|------------------|---------------|----------------|
| US\$ denominated convertible bonds due Sept. 30, 2003 | Aug. 15, 1988–Sept. 22, 2003 | ¥1,814.90 | Common stock | ¥ 908/share |
| US\$ denominated convertible bonds due Sept. 30, 2001 | Dec. 1, 1986–Sept. 20, 2001 | ¥1,119.30 | Common stock | ¥ 560/share |
| US\$ denominated convertible bonds due Sept. 30, 2002 | Oct. 1, 1987–Sept. 20, 2002 | ¥2,163.90 | Common stock | ¥1,082/share |
| US\$ denominated convertible bonds due Sept. 30, 2003 | Aug. 15, 1988–Sept. 22, 2003 | ¥1,814.90 | Common stock | ¥ 908/share |

4. Repayments for Convertible Bonds are scheduled for the next five years as follows:

| | |
|-------------|------------------------------------|
| Fiscal 2001 | ¥ 371 million (\$ 3,000 thousand) |
| 2002 | ¥4,078 million (\$32,920 thousand) |
| 2003 | ¥3,637 million (\$29,360 thousand) |
| 2004 | ¥ — million |
| 2005 | ¥ — million |

* The Yasuda Trust and Banking Company, Ltd. (the domestic consolidated subsidiary)

20. OTHER LIABILITIES

Other Liabilities at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Accrued Expenses | ¥ 477,474 | \$ 3,853,707 |
| Unearned Income | 206,898 | 1,669,886 |
| Income Taxes Payable | 91,973 | 742,318 |
| Cash Received as Collateral on Securities Lent | 4,605,260 | 37,169,176 |
| Securities Borrowed | 4,474,393 | 36,112,942 |
| Derivatives | 2,143,396 | 17,299,406 |
| Others | 9,187,445 | 74,152,103 |
| Total | ¥21,186,842 | \$170,999,538 |

21. RESERVE FOR RETIREMENT BENEFITS

(1) Employees of major domestic consolidated subsidiaries are entitled, with some conditions, to receive lump-sum indemnities or annuity payments for life upon their termination of employment. The amount of the benefits is determined by the current rate of pay, length of service and the conditions under which their termination occurs.

The major domestic consolidated subsidiaries have contributory funded defined benefit pension plans under the Japanese Welfare Pension Insurance Law (the "JWPIL") and which are qualified by the tax authority and severance indemnity plans. The pension plans under the JWPIL cover a portion of the governmental welfare pension program, under which the contributions are made by such subsidiaries and their employees.

Certain domestic consolidated banking subsidiaries establish self-insured pension plans and certain overseas consolidated subsidiaries also establish defined benefit pension plans.

In addition, domestic banking and certain trust banking consolidated subsidiaries establish employee retirement benefit trusts.

(2) Reserve for Retirement Benefits at March 31, 2001 was analyzed as follows:

| | Millions of yen | Thousands of U.S. dollars |
|--|--------------------|---------------------------|
| Projected Benefit Obligations | ¥(1,331,938) | \$(10,750,107) |
| Plan Assets | 989,281 | 7,984,517 |
| Unfunded Retirement Benefit Obligations | (342,656) | (2,765,590) |
| Unrecognized Net Obligation at Date of Initial Application | 165,714 | 1,337,482 |
| Unrecognized Actuarial Differences | 141,722 | 1,143,843 |
| Unrecognized Prior Service Cost | — | — |
| Net Amounts Reported in the Consolidated Balance Sheet | (35,220) | (284,265) |
| Prepaid Pension Cost | 91,027 | 734,682 |
| Other Liabilities | (196) | (1,587) |
| Reserve for Retirement Benefit | ¥ (126,050) | \$ (1,017,360) |

Note: The above Projected Benefit Obligations includes the governmental welfare program, but does not include additional retirement benefits paid to their employees.

It also includes the amount measured by certain consolidated subsidiaries under the non-actuarial method.

(3) The breakdown of Pension Expenses for the year ended March 31, 2001 was as follows.

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Service Cost*1 | ¥ 37,666 | \$ 304,007 |
| Interest Cost | 45,411 | 366,521 |
| Expected Return on Plan Assets | (36,610) | (295,484) |
| Amortization of Prior Service Cost | — | — |
| Amortization of Actuarial Differences | 316 | 2,552 |
| Amortization of Unrecognized Net Obligation at Date of Initial Application*2 | 185,816 | 1,499,731 |
| Others (such as Extra Retirement Benefit) | 2,017 | 16,284 |
| Net Pension Expenses | ¥234,618 | \$1,893,611 |

*1 Retirement expenses of some consolidated subsidiaries which adopt the simplified method for calculating projected benefit obligations are included in Service Cost in full.

*2 Amortized projected benefit obligations at the beginning of this fiscal year arising from the establishment of the retirement benefit trust amounting to ¥144,166 million (\$1,163,573 thousand) is included in the above table.

(4) Assumptions used in calculation of the above information were as follows:

| | |
|---|---------------------|
| Discount rate | 2.5–7.7% |
| Expected rate of return on plan assets | 1.0–9.0% |
| Method of attributing the projected benefits to periods of services | Straight-line basis |
| Amortization of unrecognized actuarial differences | 1–15 years |
| Unrecognized actuarial differences are recognized as income or expenses from the following fiscal year under the straight-line method over the average remaining service period of the current employee. For some consolidated subsidiaries, differences are charged to income in the year of change. | |
| Amortization of unrecognized net obligation at date of initial application | Mainly 5 years |
| Unrecognized net obligation at the date of initial application is generally to be recognized by the straight-line method as an expense over five years. Some consolidated subsidiaries amortized the entire net obligation to income in the current fiscal year. | |

22. OTHER RESERVES

Other Reserves at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Reserve for Contingencies*1 | ¥24,032 | \$193,968 |
| Reserve for Contingent Liabilities from Futures Transactions | 104 | 844 |
| Reserve for Contingent Liabilities from Securities Transactions | 603 | 4,873 |
| Total | ¥24,740 | \$199,685 |

*1 Reserve for Contingencies is maintained to cover losses arising from matters not covered by other specific reserves that are probable to take place and that are determinable in amounts.

23. ACCEPTANCES AND GUARANTEES

(1) All commitments and contingent liabilities of a material nature resulting from guarantees or otherwise are included in the contra-accounts "Acceptances and Guarantees" and "Customers' Liabilities for Acceptances and Guarantees."

The outstanding balance of the accounts at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------|-----------------|---------------------------|
| Acceptances | ¥ 33,281 | \$ 268,618 |
| Letters of Credit | 683,543 | 5,516,895 |
| Guarantees | 5,412,816 | 43,686,977 |
| Total | ¥6,129,641 | \$49,472,490 |

(2) The principal amounts indemnified for jointly operated designated money trusts and loan trusts, which are entrusted to domestic consolidated trust banking subsidiaries, are ¥665,796 million (\$5,373,658 thousand) and ¥2,394,557 million (\$19,326,532 thousand), respectively.

24. REVALUATION OF LAND

In accordance with the Land Revaluation Law, land used for business operations of domestic consolidated banking subsidiaries was revalued on March 31, 1998. In accordance with Article 119 of the 1998 Cabinet Order Article 2-4 of the Enforcement Ordinance relating to the Land Revaluation Law, the revaluation was performed by the method of calculating the value along with reasonable adjustments, such as for the shape of land.

The income tax on the entire excess of revaluation is included in Deferred Tax Liabilities for Revaluation Reserve for Land, and the remainder, net of the tax, is stated as Revaluation Reserve for Land in Shareholders' Equity.

The difference at the balance sheet date between the total fair value of land for business operation purposes, which has been revalued in accordance with Article 10 of the above-mentioned law, and the total book value of the land after such revaluation is ¥189,246 million (\$1,527,411 thousand). Similar treatment has been adopted for certain consolidated overseas subsidiaries.

25. COMMON STOCK AND PREFERRED STOCK

Common Stock and Preferred Stock at March 31, 2001 consisted of the following:

| Class of shares | Number of shares | | Per shares (Yen) | | | Convertible or not | With redemption or not |
|---|------------------|------------------------|-----------------------|------------------------|-------------------|--------------------|------------------------|
| | Authorized | Issued and outstanding | Interim cash dividend | Year-end cash dividend | Liquidation value | | |
| Common Shares | 25,000,000 | 9,205,856.53 | ¥ 3,500 | ¥ 3,500 | — | — | — |
| First Series Class I Preferred Shares | 33,000 | 33,000 | 11,250 | 11,250 | 3,000,000 | * | — |
| Second Series Class II Preferred Shares | 100,000 | 100,000 | 4,100 | 4,100 | 2,000,000 | * | — |
| Third Series Class III Preferred Shares | 100,000 | 100,000 | 7,000 | 7,000 | 2,000,000 | * | — |
| Fourth Series Class IV Preferred Shares | 150,000 | 150,000 | 23,800 | 23,800 | 2,000,000 | — | * |
| Fifth Series Class V Preferred Shares | 52,411 | 52,411 | 3,750 | 3,750 | 3,000,000 | * | — |
| Sixth Series Class VI Preferred Shares | 150,000 | 150,000 | 21,000 | 21,000 | 2,000,000 | — | * |
| Seventh Series Class VII Preferred Shares | 125,000 | 125,000 | 5,500 | 5,500 | 2,000,000 | * | * |
| Eighth Series Class VIII Preferred Shares | 125,000 | 125,000 | 4,000 | 4,000 | 2,000,000 | * | * |
| Ninth Series Class IX Preferred Shares | 140,000 | 140,000 | 8,750 | 8,750 | 1,250,000 | * | — |
| Tenth Series Class X Preferred Shares | 140,000 | 140,000 | 2,690 | 2,690 | 1,250,000 | * | — |

Holders or registered pledgees of Preferred Shares are entitled to receive annual dividends, and distribution of residual assets of MHHD, as set out above in priority to holders of the Shares but *pari passu* among themselves.

MHHD may pay up to one-half of the annual dividend payable on each class of Preferred Shares as an interim dividend. Dividends on the Preferred Shares are not cumulative. Holders of Preferred Shares are not entitled to vote at a general meeting of shareholders except where the law entitles holders of Preferred Shares to vote.

All Preferred Shares except Class IV preferred shares and Class VI preferred shares are convertible into Shares at the option of the holder. Material terms and conditions of conversion are as follows:

| | Conversion period*1 | Conversion ratio*2 |
|---|--|---|
| First Series Class I Preferred Shares | September 29, 2000 to July 31, 2005 | 3.766 to be reset on August 1 every year (each, a "Reset Date") as ¥3,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the Tokyo Stock Exchange (the "TSE") for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date, provided that the reset conversion ratio shall be neither less than the conversion ratio applicable on the date immediately prior to the Reset Date nor more than 4.000. |
| Second Series Class II Preferred Shares | August 1, 2004 to July 31, 2006 | ¥2,000,000/(current market price x 1.025), where the current market price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2004 and (y) ¥637,600, to be reset on August 1, 2005 using the same formula <i>mutatis mutandis</i> . |
| Third Series Class III Preferred Shares | August 1, 2005 to July 31, 2008 | ¥2,000,000/(current market price x 1.025), where the current market price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2005 and (y) ¥637,600, to be reset on August 1, 2006 and August 1, 2007 using the same formula <i>mutatis mutandis</i> . |
| Fifth Series Class V Preferred Shares | September 29, 2000 to January 31, 2002 | ¥1,279,300. |
| Seventh Series Class VII Preferred Shares | October 1, 2006 to January 31, 2011 | ¥2,000,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to October 1, 2006 multiplied by 1.025 and (y) ¥420,000; to be reset on October 1 of each year between 2007 and 2010 (each, a "Reset Date") as ¥2,000,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price effective as of the Reset Date, provided that the conversion price shall not be less than 80% of the initial conversion price. |

| | | |
|---|--------------------------------------|---|
| Eighth Series Class VIII Preferred Shares | October 1, 2004 to January 31, 2009 | ¥2,000,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to October 1, 2004 multiplied by 1.025 and (y) ¥540,000; to be reset on October 1 of each year between 2005 and 2008 (each, a "Reset Date") as ¥2,000,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price effective as of the Reset Date, provided that the conversion price shall not be less than 70% of the initial conversion price. |
| Ninth Series Class IX Preferred Shares | September 1, 2003 to August 31, 2009 | ¥1,250,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to September 1, 2003 multiplied by 1.025 and (y) ¥331,000; to be reset on September 1 of each year between 2004 and 2008 using the same formula <i>mutatis mutandis</i> . |
| Tenth Series Class X Preferred Shares | July 1, 2003 to August 31, 2009 | ¥565,000 to be reset on September 1 of each year between 2003 and 2008 (each, a "Reset Date") as ¥1,250,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date multiplied by 1.025 and (y) ¥331,000. |

Notes: 1. If the date to determine the shareholders entitled to exercise their voting rights at a general meeting of the shareholders of MHHD (the "Record Date") is prescribed, the period from and including the date immediately following such Record Date to and including the date on which such general meeting is concluded shall be excluded.

2. Subject to adjustment, where allotment of new Shares for a subscription price below the "current market price" or "conversion price", a stock split, allotment of securities convertible into Shares at a conversion ratio more favorable than the Preferred Shares, merger or amalgamation, or a capital decrease or consolidation occurs and in certain other circumstances.

Each Preferred Share which has not been converted as described above by the end of the relevant conversion period will be converted into Shares on the day following the end of the conversion period on the following terms:

| | | |
|---|----------------|--|
| First Series Class I Preferred Shares | August 1, 2005 | ¥3,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2005, provided that the conversion ratio shall not be more than 4.000 ⁽¹⁾ . |
| Second Series Class II Preferred Shares | August 1, 2006 | ¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2006, provided that the conversion ratio shall not be more than 3.137 ⁽¹⁾ . |

| | | |
|---|-------------------|---|
| Third Series Class III Preferred Shares | August 1, 2008 | ¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to August 1, 2008, provided that the conversion ratio shall not be more than 3.137 ⁽¹⁾ . |
| Fifth Series Class V Preferred Shares | February 1, 2002 | ¥3,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to February 1, 2002, provided that the conversion ratio shall not be more than the number obtained by dividing ¥3,000,000 by the higher of ¥700,700 or the par value of Shares. |
| Seventh Series Class VII Preferred Shares | February 1, 2011 | ¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to February 1, 2011, provided that the conversion ratio shall not be more than the figure obtained by dividing ¥2,000,000 by the higher of the amount equal to 60% of the amount obtained by dividing ¥2,000,000 by the initial conversion ratio or the par value of Shares. |
| Eighth Series Class VIII Preferred Shares | February 1, 2009 | ¥2,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to February 1, 2009, provided that the conversion ratio shall not be more than the figure obtained by dividing ¥2,000,000 by the higher of the amount equal to 60% of the amount obtained by dividing ¥2,000,000 by the initial conversion ratio or the par value of Shares. |
| Ninth Series Class IX Preferred Shares | September 1, 2009 | ¥1,250,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to September 1, 2009, provided that the conversion ratio shall not be more than the number obtained by dividing ¥1,250,000 by the higher of ¥331,000 or the par value of the Shares. |
| Tenth Series Class X Preferred Shares | September 1, 2009 | ¥1,250,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of Shares as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to September 1, 2009, provided that the conversion ratio shall not be more than the number obtained by dividing ¥1,250,000 by the higher of ¥331,000 or the par value of the Shares. |

* Subject to adjustment, where a stock split or consolidation of share capital occurs.

26. INTEREST INCOME AND INTEREST EXPENSES

Interest Income and Interest Expenses for the fiscal year ended March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|-----------------------------------|-----------------|---------------------------|
| Interest Income: | | |
| Loans and Bills Discounted | ¥2,472,492 | \$ 19,955,552 |
| Securities | 451,472 | 3,643,843 |
| Call Loans and Bills Purchased | 342,679 | 2,765,773 |
| Due from Banks | 137,942 | 1,113,337 |
| Other Interest Income | 107,685 | 869,136 |
| Total | 3,512,272 | 28,347,641 |
| Interest Expenses: | | |
| Deposits | 817,917 | 6,601,431 |
| Debentures | 207,599 | 1,675,541 |
| Amortization of Debenture Charges | 14,047 | 113,381 |
| Call Money and Bills Sold | 478,666 | 3,863,332 |
| Commercial Paper | 35,390 | 285,634 |
| Borrowed Money | 116,958 | 943,977 |
| Bonds and Notes | 173,959 | 1,404,034 |
| Convertible Bonds | 218 | 1,763 |
| Other Interest Expenses | 313,544 | 2,530,626 |
| Total | 2,158,303 | 17,419,719 |
| Net | ¥1,353,969 | \$ 10,927,922 |

27. TRADING INCOME

Trading Income for the fiscal year ended March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Trading Income: | | |
| Net Gains on Trading Securities and Derivatives | ¥ 22,350 | \$ 180,389 |
| Net Gains on Securities Held to Hedge Trading Transactions | 10,029 | 80,945 |
| Net Gains on Derivatives for Trading Transactions | 119,467 | 964,224 |
| Other Trading Income | 4,662 | 37,628 |
| Total | ¥156,508 | \$ 1,263,186 |

28. OTHER OPERATING INCOME

Other Operating Income for the fiscal year ended March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Gains on Foreign Exchange Transactions | ¥ 22,754 | \$ 183,654 |
| Gains on Sales of Bonds | 198,171 | 1,599,444 |
| Others | 356,199 | 2,874,894 |
| Total | ¥577,125 | \$ 4,657,992 |

29. OTHER INCOME

Other Income for the fiscal year ended March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Gains on Sales of Stock and Other Securities | ¥ 706,968 | \$5,705,963 |
| Gains on Money Held in Trust | 6,175 | 49,845 |
| Gains on Sales of Premises and Equipment | 3,386 | 27,334 |
| Gains on Minority Interests | 18,036 | 145,574 |
| Recovery on Written-off Claims | 16,471 | 132,943 |
| Gains on Securities Contributed to Employee Retirement Benefit Trust | 85,681 | 691,537 |
| Others | 252,809 | 2,040,431 |
| Total | ¥1,089,530 | \$8,793,627 |

30. OTHER OPERATING EXPENSES

Other Operating Expenses for the fiscal year ended March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Amortization of Debenture Issuance Costs | ¥ 4,646 | \$ 37,504 |
| Losses on Sales of Bonds | 64,489 | 520,494 |
| Losses on Redemption of Bonds | 67 | 547 |
| Losses on Devaluation of Bonds | 781 | 6,309 |
| Others | 361,335 | 2,916,344 |
| Total | ¥431,320 | \$3,481,198 |

31. OTHER EXPENSES

Other Expenses for the fiscal year ended March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Provision of Reserve for Possible Loan Losses | ¥ 289,823 | \$ 2,339,174 |
| Write-offs of Claims | 376,615 | 3,039,670 |
| Losses on Sales of Stocks and Other Securities | 46,724 | 377,115 |
| Losses on Devaluation of Stocks and Other Securities | 140,672 | 1,135,372 |
| Losses on Money Held in Trust | 15,319 | 123,642 |
| Losses on Dispositions of Premises and Equipment | 40,150 | 324,053 |
| Amortization of Unrecognized Net Obligation at Date of Initial Application of the Accounting Standard for Employee Retirement Benefits | 185,816 | 1,499,731 |
| Others | 435,039 | 3,511,211 |
| Total | ¥1,530,161 | \$12,349,968 |

Others included the following losses:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Provision of Reserve for Possible Losses on Loans Sold | ¥52,472 | \$423,505 |
| Provision of Reserve for Possible Losses on Support of Specific Borrowers | 43,421 | 350,459 |
| Losses on Sales of Loans to CCPC | 34,403 | 277,675 |
| Other Losses on Sales of Loans | 55,262 | 446,023 |

32. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents at March 31, 2001 was reconciled to Cash and Due from Banks on the Consolidated Balance Sheet as follows:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Cash and Due from Banks | ¥5,011,232 | \$40,445,783 |
| Less: Due from Banks except for due from Central Banks | (2,791,427) | (22,529,677) |
| Cash and Cash Equivalents | ¥2,219,805 | \$17,916,106 |

33. LEASE TRANSACTIONS

Finance Leases

Lessees:

The Acquisition Cost Equivalents, Accumulated Depreciation Equivalents and Book Value equivalents relating to finance lease transactions accounted for as operating leases at March 31, 2001, were summarized as follows:

| | Millions of yen | | | Thousands of U.S. dollars | | |
|--------------------------------------|-----------------|--------|---------|---------------------------|----------|-----------|
| | Equipment | Others | Total | Equipment | Others | Total |
| Acquisition Cost Equivalents | ¥66,254 | ¥1,905 | ¥68,159 | \$534,738 | \$15,380 | \$550,118 |
| Accumulated Depreciation Equivalents | 36,334 | 1,119 | 37,454 | 293,259 | 9,037 | 302,296 |
| Book Value Equivalents | ¥29,919 | ¥ 785 | ¥30,705 | \$241,479 | \$ 6,343 | \$247,822 |

Future lease payments subsequent to March 31, 2001 for finance leases accounted for as operating leases (including the interest portion thereon) were summarized as follows:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------|-----------------|---------------------------|
| Due in One Year or Less | ¥ 9,755 | \$ 78,739 |
| Due after One Year | 35,755 | 288,585 |
| Total | ¥45,511 | \$367,324 |

Lease expense, depreciation equivalents and interest expense equivalents relating to finance leases accounted for as operating leases amounted to ¥11,606 million (\$93,675 thousand), ¥12,928 million (\$104,350 thousand) and ¥1,347 million (\$10,872 thousand), respectively.

Notes: 1. The computing method for the amount of depreciation equivalents is as follows:

Depreciation equivalents are calculated by the declining-balance method, computed by multiplying the amounts by 10/9, which itself is computed assuming that the useful life is the lease term and that the residual value at the end of the lease term is 10% of the acquisition cost.

2. The computing method for the amount of interest expenses equivalents is as follows:

The amounts are defined as the difference between total lease payments and acquisition equivalents, which are allocated over the lease term by the interest method.

Lessors:

The Acquisition Cost, Accumulated Depreciation and Book Value relating to finance lease transactions accounted for as operating leases at March 31, 2001, were summarized as follows:

| | Millions of yen | | | Thousands of U.S. dollars | | |
|--------------------------|-----------------|--------|------------|---------------------------|----------|-------------|
| | Equipment | Others | Total | Equipment | Others | Total |
| Acquisition Cost | ¥1,014,188 | ¥2,008 | ¥1,016,196 | \$8,185,542 | \$16,207 | \$8,201,749 |
| Accumulated Depreciation | 511,183 | 1,289 | 512,473 | 4,125,778 | 10,408 | 4,136,186 |
| Book Value | ¥ 503,004 | ¥ 718 | ¥ 503,723 | \$4,059,764 | \$ 5,799 | \$4,065,563 |

Future lease payments to be received subsequent to March 31, 2001 for finance leases accounted for as operating leases (including the interest portion thereon) were summarized as follows:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------|-----------------|---------------------------|
| Due in One Year or Less | ¥179,302 | \$1,447,151 |
| Due after One Year | 348,991 | 2,816,715 |
| Total | ¥528,293 | \$4,263,866 |

Of the above future lease payments to be received, ¥210,034 million (\$1,695,196 thousand) is pledged.

Lease income, depreciation and interest income equivalents relating to finance leases accounted for as operating leases amounted to ¥217,609 million (\$1,756,332 thousand), ¥190,604 million (\$1,538,372 thousand) and ¥15,880 million (\$128,172 thousand), respectively.

Note: The computing method for the amount of interest income equivalents is defined as the difference between total lease payments and acquisition cost, which is allocated over the lease term by the interest method.

Operating Leases

The future lease payments subsequent to March 31, 2001 for operating lease transactions were summarized as follows:

Lessees:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------|-----------------|---------------------------|
| Due in One Year or Less | ¥ 14,280 | \$115,258 |
| Due after One Year | 88,793 | 716,658 |
| Total | ¥103,074 | \$831,916 |

Lessors:

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------|-----------------|---------------------------|
| Due in One Year or Less | ¥3,451 | \$27,855 |
| Due after One Year | 3,797 | 30,646 |
| Total | ¥7,248 | \$58,501 |

34. DEFERRED TAX ASSETS AND LIABILITIES

Deferred Tax Assets and Liabilities at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Deferred Tax Assets: | | |
| Reserve for Possible Losses on Loans | ¥1,035,529 | \$ 8,357,787 |
| Tax Losses Carried Forward | 372,919 | 3,009,847 |
| Securities | 223,276 | 1,802,073 |
| Reserve for Contingent Losses related to Loans Sold | 75,454 | 608,998 |
| Others | 326,239 | 2,633,086 |
| Deferred Tax Assets Subtotal: | 2,033,420 | 16,411,791 |
| Valuation Allowance | (311,511) | (2,514,214) |
| Net | ¥1,721,909 | \$13,897,577 |
| Deferred Tax Liabilities: | | |
| Prepaid Pension Cost | ¥ (35,434) | \$ (285,993) |
| Others | (33,967) | (274,150) |
| Total | ¥ (69,401) | \$ (560,143) |
| Net Deferred Tax Assets | ¥1,652,508 | \$13,337,434 |

MHHD and domestic subsidiaries are subject to a number of different income taxes.

The statutory tax rate applicable to MHHD for fiscal 2000 is 42.05%. The difference between the effective tax rate applicable to MHHD and its subsidiaries and the statutory tax rate applicable to MHHD is immaterial.

35. SEGMENT INFORMATION

(a) Segment Information by Type of Business

MHFG is engaged in securities, trust, leasing and other activities as well as banking business. Such segment information, however, has not been presented, as the percentages of those activities are insignificant.

(b) Segment Information by Geographic Area

Segment information by geographic area at March 31, 2001 and for the fiscal year ended March 31, 2001 was as follows:

| Geographic Area | Millions of yen | | | | | |
|--|--|-------------------------------|-----------------|-------------------|-----------------|--------------|
| | Ordinary Income from Outside Customers | Inter-segment Ordinary Income | Ordinary Income | Ordinary Expenses | Ordinary Profit | Total Assets |
| Japan | ¥4,014,636 | ¥162,040 | ¥4,176,676 | ¥3,735,873 | ¥440,803 | ¥145,299,161 |
| Americas | 1,136,941 | 76,455 | 1,213,396 | 1,112,686 | 100,710 | 16,435,655 |
| Asia/Oceania excluding Japan | 269,768 | 69,281 | 339,049 | 286,742 | 52,307 | 7,902,182 |
| Europe | 335,629 | 35,201 | 370,831 | 353,817 | 17,013 | 7,205,854 |
| Total | 5,756,975 | 342,978 | 6,099,954 | 5,489,120 | 610,833 | 176,842,853 |
| Elimination and General Corporate Assets | — | (342,978) | (342,978) | (307,002) | (35,976) | (13,387,373) |
| Consolidated Results | ¥5,756,975 | ¥ — | ¥5,756,975 | ¥5,182,118 | ¥574,857 | ¥163,455,480 |

| Geographic Area | Thousands of U.S. dollars | | | | | |
|--|--|-------------------------------|-----------------|-------------------|-----------------|-----------------|
| | Ordinary Income from Outside Customers | Inter-segment Ordinary Income | Ordinary Income | Ordinary Expenses | Ordinary Profit | Total Assets |
| Japan | \$32,402,230 | \$1,307,831 | \$33,710,061 | \$30,152,328 | \$3,557,733 | \$1,172,713,166 |
| Americas | 9,176,279 | 617,078 | 9,793,357 | 8,980,523 | 812,834 | 132,652,587 |
| Asia/Oceania excluding Japan | 2,177,309 | 559,169 | 2,736,478 | 2,314,307 | 422,171 | 63,778,709 |
| Europe | 2,708,877 | 284,114 | 2,992,991 | 2,855,673 | 137,318 | 58,158,634 |
| Total | 46,464,695 | 2,768,192 | 49,232,887 | 44,302,831 | 4,930,056 | 1,427,303,096 |
| Elimination and General Corporate Assets | — | (2,768,192) | (2,768,192) | (2,477,824) | (290,368) | (108,049,825) |
| Consolidated Results | \$46,464,695 | \$ — | \$46,464,695 | \$41,825,007 | \$4,639,688 | \$1,319,253,271 |

- Notes: 1. Geographic analyses are presented based on geographic contiguity, similarities in economic activities, and relation of business operations.
2. Ordinary Income represents Total Income less certain special income and Ordinary Expenses represent Total Expenses less certain special expenses.
3. Ordinary Profit represents Ordinary Income less Ordinary Expenses.
4. Americas includes the United States of America and Canada. Asia/Oceania includes Hong Kong and the Republic of Singapore. Europe includes the United Kingdom.

(c) Ordinary Income of Overseas Entities

Ordinary Income from Overseas Entities for the fiscal year ended March 31, 2001 was analyzed as follows:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Ordinary Income from Overseas Entities | ¥1,742,339 | \$14,062,465 |
| Total Ordinary Income | 5,756,975 | 46,464,695 |
| Ordinary Income from Overseas Entities' Ratio | 30.26% | 30.26% |

- Notes: 1. Ordinary Income from Overseas Entities represents Ordinary Income recorded by overseas branches of DKB, Fuji Bank, IBJ and other overseas subsidiaries excluding Inter-segment Ordinary Income. Ordinary Income from international operations is presented in lieu of Sales as is the case for non-financial companies.
2. Segment information on Ordinary Income from Overseas Entities is not presented as no such information is compiled.

36. SUBSEQUENT EVENTS

The Sale of Shares of The CIT Group, Inc.—An Affiliated Company

DKB entered into a contract for the sale of shares of The CIT Group, Inc., an affiliated company, with TYCO ACQUISITION CORP. XIX (NV) on March 12, 2001, and completed the contract on June 1, 2001. Details of the contract are as follows:

| | |
|----------------------|--|
| (1) Shares sold | Ordinary shares of The CIT Group, Inc. |
| (2) Number of shares | 71 million shares |
| (3) Gain on sales | US\$858 million |
| (4) Sale proceeds | US\$2,486 million |

37. APPROPRIATION OF RETAINED EARNINGS

The following Appropriation of Retained Earnings was approved at the shareholders' meeting held on June 26, 2001.

| | | Millions of yen | Thousands of U.S. dollars |
|---|-------------------|-----------------|---------------------------|
| Cash Dividends: | | | |
| First Series Class I Preferred Shares | ¥11,250 per Share | ¥ 371 | \$ 2,996 |
| Second Series Class II Preferred Shares | ¥ 4,100 per Share | 410 | 3,309 |
| Third Series Class III Preferred Shares | ¥ 7,000 per Share | 700 | 5,650 |
| Fourth Series Class IV Preferred Shares | ¥23,800 per Share | 3,570 | 28,814 |
| Fifth Series Class V Preferred Shares | ¥ 3,750 per Share | 196 | 1,586 |
| Sixth Series Class VI Preferred Shares | ¥21,000 per Share | 3,150 | 25,424 |
| Seventh Series Class VII Preferred Shares | ¥ 5,500 per Share | 687 | 5,549 |
| Eighth Series Class VIII Preferred Shares | ¥ 4,000 per Share | 500 | 4,035 |
| Ninth Series Class IX Preferred Shares | ¥ 8,750 per Share | 1,225 | 9,887 |
| Tenth Series Class X Preferred Shares | ¥ 2,690 per Share | 376 | 3,039 |
| Common Shares | ¥ 3,500 per Share | 32,220 | 260,052 |

Note: In accordance with the Commercial Code of Japan, MHHD is required to appropriate as a legal reserve an amount equivalent to at least 10% of the amount of cash disbursements until such reserve equals 25% of its common stock. The legal reserve is not available for dividends but may be used to reduce a deficit by approval at the shareholders' meeting or may be capitalized by resolution of the Board of Directors.

38. MARKET VALUE OF SECURITIES AND MONEY HELD IN TRUST

The following tables contain information relating to Securities, Trading Assets (trading securities, negotiable certificates of deposit and commercial paper), Cash and Due from Banks (negotiable certificates of deposit) and Other Debt Purchased (commercial paper, etc.) at March 31, 2001.

| | Millions of yen | | | |
|--------------------------------------|-----------------|------------------|-----------|--------------|
| | Cost | Gross unrealized | | Market value |
| Gains | | Losses | | |
| Trading Securities*1 | ¥ 7,921,803 | ¥ — | ¥ — | ¥ 7,921,803 |
| Held-to-maturity Securities | — | — | — | — |
| Other Securities*2, 3, 4, 5 | 25,932,871 | 864,467 | 1,140,119 | 25,657,219 |
| Stocks | 7,912,749 | 765,889 | 1,073,119 | 7,605,519 |
| Bonds: | 12,363,591 | 45,012 | 12,688 | 12,395,915 |
| National Bonds | 11,641,796 | 25,457 | 11,843 | 11,655,409 |
| Local Government Bonds | 261,816 | 8,107 | 119 | 269,804 |
| Corporate Bonds | 459,979 | 11,446 | 725 | 470,700 |
| Others | 5,656,530 | 53,565 | 54,310 | 5,655,785 |
| Money Held in Trust*3 | | | | |
| For investment purpose | 386,918 | — | — | 386,918 |
| For other than investment purposes*6 | 5,449 | 196 | — | 5,645 |

| | Thousands of U.S. dollars | | | |
|--|---------------------------|-----------|-----------|---------------|
| | Gross unrealized | | | Market value |
| | Cost | Gains | Losses | |
| Trading Securities* ¹ | \$ 63,937,072 | \$ — | \$ — | \$ 63,937,072 |
| Held-to-maturity Securities | — | — | — | — |
| Other Securities* ^{2, 3, 4, 5} | 209,304,855 | 6,977,137 | 9,201,930 | 207,080,062 |
| Stocks | 63,864,003 | 6,181,512 | 8,661,178 | 61,384,337 |
| Bonds: | 99,786,856 | 363,294 | 102,408 | 100,047,742 |
| National Bonds | 93,961,228 | 205,468 | 95,590 | 94,071,106 |
| Local Government Bonds | 2,113,125 | 65,438 | 964 | 2,177,599 |
| Corporate Bonds | 3,712,503 | 92,388 | 5,854 | 3,799,037 |
| Others | 45,653,996 | 432,331 | 438,344 | 45,647,983 |
| Money Held in Trust* ³ | | | | |
| For investment purpose | 3,122,829 | — | — | 3,122,829 |
| For other than investment purposes* ⁶ | 43,982 | 1,583 | — | 45,565 |

*1 The cost of Trading Securities as of March 31, 2001 was ¥7,921,803 million (\$63,937,072 thousand) with unrealized gains of ¥6,489 million (\$52,373 thousand) charged to income.

*2 Other Securities included unlisted stock (excluding OTC stock) of ¥337,990 million (\$2,727,933 thousand) and non-public offering bonds of ¥880,731 million (\$7,108,410 thousand) as of March 31, 2001.

*3 Other Securities and securities held in Money Held in Trust other than investment purposes are valued at cost as of March 31, 2001 in accordance with the accounting standard for financial instruments. If those securities were valued at market price, unrealized losses of ¥162,354 million (\$1,310,370 thousand), net of tax, minority interests and investments in affiliates would be stated as a component of shareholders' equity and deferred tax assets of ¥105,613 million (\$852,409 thousand), minority interests of ¥3,675 million (\$29,667 thousand) and investments in affiliates of ¥3,811 million (\$30,765 thousand) would be recorded in Deferred Tax Assets, Minority Interests and Securities, respectively.

*4 The cost of Other Securities, classified by contractual maturity range as of March 31, 2001, consisted of the following:

| | Millions of yen | | | |
|------------------------|-------------------|-------------------|-------------------|-----------------|
| | Within 1 year | 1–5 years | 5–10 years | Over 10 years |
| Securities: | ¥7,213,291 | ¥3,371,463 | ¥2,623,373 | ¥ 15,698 |
| National Bonds | 7,085,545 | 2,581,204 | 1,975,045 | — |
| Local Government Bonds | 24,539 | 97,345 | 343,394 | 11,096 |
| Corporate Bonds | 103,206 | 692,913 | 304,934 | 4,602 |
| Others | 756,858 | 3,167,870 | 1,208,409 | 781,854 |
| Total | ¥7,970,150 | ¥6,539,334 | ¥3,831,782 | ¥797,552 |

| | Thousands of U.S. dollars | | | |
|------------------------|---------------------------|---------------------|---------------------|--------------------|
| | Within 1 year | 1–5 years | 5–10 years | Over 10 years |
| Securities: | \$58,218,657 | \$27,211,170 | \$21,173,316 | \$ 126,701 |
| National Bonds | 57,187,618 | 20,832,969 | 15,940,641 | — |
| Local Government Bonds | 198,059 | 785,681 | 2,771,542 | 89,557 |
| Corporate Bonds | 832,980 | 5,592,520 | 2,461,133 | 37,144 |
| Others | 6,108,624 | 25,567,965 | 9,753,100 | 6,310,368 |
| Total | \$64,327,281 | \$52,779,135 | \$30,926,416 | \$6,437,069 |

*5 Other Securities sold during the fiscal year are as follows:

| Fiscal year ended March 31, 2001 | Millions of yen | | | Thousands of U.S. dollars | | |
|----------------------------------|---------------------|--------------------------------|---------------------------------|---------------------------|--------------------------------|---------------------------------|
| | Proceeds from sales | Total amount of gains on sales | Total amount of losses on sales | Proceeds from sales | Total amount of gains on sales | Total amount of losses on sales |
| Other Securities | ¥58,047,079 | ¥955,377 | ¥(62,658) | \$468,499,432 | \$7,710,876 | \$(505,718) |

*6 The cost of Money Held in Trust as of March 31, 2001 was ¥386,918 million (\$3,122,829 thousand) with unrealized losses of ¥13,645 million (\$110,132 thousand) charged to income.

39. DERIVATIVES INFORMATION

(A) RISK CONTROL OF DERIVATIVES

(1) Details of Derivative Financial Products

MHFG transacts primarily in the following derivative financial products:

(i) Interest rate-related products

Swaps, interest rate guarantees (FRA options), futures, futures options, and options

(ii) Currency-related products

Futures, futures options, options, swaps, and forward trading

(iii) Bond-related products

Futures, futures options, and over-the-counter options

(iv) Stock-related products

Index futures, index futures options, and over-the-counter options

(v) Others products

Credit derivatives, futures, options, weather derivatives, etc.

(2) Purposes for Using Derivative Financial Products

MHFG uses derivative financial products in response to the diverse needs of customers, for risk control related to assets and liabilities of MHFG as a part of asset and liability management ("ALM"), and for trading purposes.

As risk control related to assets and liabilities, MHFG primarily utilizes macro-hedges for the total management of interest risk related to numerous financial assets and liabilities, such as loans and deposits, by using interest swaps, etc., as hedging methods. MHFG applies hedge accounting to the majority of these products, treating them as deferred hedges. The effectiveness of hedges is assessed by periodically checking whether the total net risk amount of derivative financial products falls within the risk limit as set out in the risk management policy, and whether interest risk exposures from hedged items have been reduced.

(3) Trading Guidelines

In accordance with the purposes of using derivative financial products, MHFG deals in derivative financial products based on the following guidelines:

(i) In response to the diverse needs of customers

Having carefully ascertained the customer's needs and selected the products best suited to those needs, MHFG engages in fair sales activities according to the Law Concerning the Sale of Financial Products. With regard to sales activities, MHFG carefully explains to the customer the details of the products, the inherent risks, and ensures the customer understands the risk profile of the products.

(ii) Risk control of assets and liabilities of MHFG (ALM: Asset and Liability Management)

MHFG periodically convenes the ALM & Market Risk Committee and lays down trading guidelines for the purposes of securing stable income while appropriately controlling risk.

(iii) Trading activities

MHFG engages in trading activities to maximize income under reasonable risk limits and strict management.

(4) Details of Trading-related Risk

The following are the main risks, inherent in derivatives trading.

(i) Credit risk:

The risk of incurring a loss because the counter-parties are unable to fulfill their obligations due to bankruptcy or other reasons.

(ii) Market risk:

The risk of incurring a loss because the value of the derivative products decrease caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices.

(iii) Market liquidity risk:

The risk of incurring a loss because of the inability to execute transactions in the market because of market confusion, or arising from transactions at prices that are markedly less favorable than normal.

(5) Derivative Trading Risk Control Structure

(i) Credit risk management structure

The Board of Directors determines important items concerning credit risk in accordance with the Credit Risk Management Policy. MHFG has established the Portfolio Management Committee as one of its business policy committees. This committee conducts overall deliberation on and adjustment of MHFG's credit portfolio management. Under the jurisdiction of the Chief Risk Officer, the Risk Management Department and the Credit Risk Management Department jointly formulate and implement plans for basic matters related to credit risk management.

The amount of credit risk on derivatives trading (credit risk equivalent) calculated into the BIS capital adequacy ratio (international capital adequacy standards) is ¥4,337,831 million.

(ii) Market risk management structure

The Market Risk Management Policy is determined by the Board of Directors, and MHFG has established the Risk Management Department. This department is responsible for monitoring market risk, reports and analyses, proposals, setting limits, and for formulating and implementing plans relating to market risk management as a specialized risk management section.

MHFG and its consolidated subsidiaries have established a solid management structure for market risk including comprehensive management (ALM) of interest risk and other types of risk. Through this structure, they comprehensively ascertain and manage risk, managing assets to secure stable income while appropriately controlling risk.

MHFG has established the ALM & Market Risk Committee as one of the business policy committees charged with conducting overall deliberation on and adjustment of market risk management. The committee decides the entire group's monthly funding and investment policies, discusses and coordinates matters relating to ALM policies, risk planning and market risk management, and responds to emergencies such as sudden market changes.

On the reporting side, the Risk Management Department receives the necessary data from the five core subsidiaries, as well as reports on risk profile and compliance with risk limits, both on a regular basis and as deemed necessary. Based on these reports, MHFG obtains a solid grasp of the market risk management situation. Reports on the status of market risk and compliance with risk limits are submitted to the CEO on a daily basis, and to the Board of Directors and the Executive Management Committee, both on a regular basis and as deemed necessary.

Value at Risk

Value at Risk (VAR) related to MHFG's trading activities is as follows:

(a) The standards used for calculating VAR

- Confidence interval: one-tailed 99.0% (two-tailed 98%)
- Holding period: 1 day
- Historical observation period: 1 year (265 business days, 264 return)

(b) VAR results during the period covered

- Maximum: ¥13.4 billion
- Average: ¥ 9.8 billion

The period covered is from October 2, 2000 to March 30, 2001.

Note: Value at Risk (VAR) is a method of measuring market risk. It is defined as the maximum possible loss that could be incurred on our portfolio as a result of market movements within a certain period (holding period) and degree of probability (confidence interval). The actual amount of the VAR may vary according to the length of the holding periods and the confidence interval, as well as the models used for measuring the volatility of market risk factors.

Credit risk equivalent amount

Credit risk equivalent amounts at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Interest Swaps | ¥7,358,096 | \$59,387,384 |
| Currency Swaps | 1,137,870 | 9,183,784 |
| Foreign Exchange Forward Transactions | 2,227,921 | 17,981,612 |
| Interest Options (Buy) | 71,456 | 576,731 |
| Currency Options (Buy) | 221,859 | 1,790,633 |
| Other Financial Derivative Products | 119,521 | 964,665 |
| Effect of Reduction in the Credit Risk Equivalent Amount due to Lump-sum Settlement Netting Contracts | (6,798,896) | (54,874,063) |
| Total | ¥4,337,831 | \$35,010,746 |

Note: The above is the credit risk equivalent amount based on the consolidated capital adequacy ratio (a uniform international standard).

(B) MARKET VALUE OF DERIVATIVES

The market value of derivatives at March 31, 2001 was as follows:

In the following tables:

- (i) Contract value represents notional amounts for swap transactions and contract amounts for other transactions.
- (ii) Market value of listed contracts is based on the closing prices of the Tokyo Stock Exchange and the Tokyo International Financial Futures Exchange and others. Market value of over-the-counter contracts is based on the discounted value of future cash flows or option pricing models.

(1) Interest Rate-Related Transactions

At March 31, 2001

| Type of Transactions | Millions of yen | | | |
|-------------------------|-----------------|---------------|--------------|------------------------|
| | Contract value | | Market value | Unrealized gain (loss) |
| | Total | Over one year | | |
| Listed: | | | | |
| Futures: | | | | |
| Sold | ¥ 31,653,308 | ¥ 10,386,242 | ¥ (385,162) | ¥ (385,162) |
| Bought | 35,499,788 | 12,938,286 | 387,515 | 387,515 |
| Options: | | | | |
| Sold | 8,224,799 | 421,994 | 7,307 | (3,255) |
| Bought | 6,486,581 | 578,949 | 10,165 | 5,682 |
| Over-the-Counter: | | | | |
| FRA: | | | | |
| Sold | 27,079,298 | 6,220,724 | 29,800 | 29,800 |
| Bought | 22,619,539 | 5,657,425 | (28,396) | (28,396) |
| Swaps: | | | | |
| Receive Fixed/Pay Float | 259,626,266 | 145,525,033 | 6,021,782 | 6,021,782 |
| Receive Float/Pay Fixed | 262,599,202 | 145,215,353 | (6,164,663) | (6,164,663) |
| Receive Float/Pay Float | 10,375,720 | 5,251,600 | 1,633 | 1,633 |
| Receive Fixed/Pay Fixed | 2,626,411 | 1,995,516 | 3,125 | 3,125 |
| Options: | | | | |
| Sold | 8,824,099 | 5,742,276 | 11,403 | (9,753) |
| Bought | 7,087,622 | 4,739,979 | 63,914 | 45,046 |
| Total | ¥ / | ¥ / | ¥ / | ¥ (96,645) |

| Type of Transactions | Thousands of U.S. dollars | | | |
|-------------------------|---------------------------|---------------|----------------|------------------------|
| | Contract value | | Market value | Unrealized gain (loss) |
| | Total | Over one year | | |
| At March 31, 2001 | | | | |
| Listed: | | | | |
| Futures: | | | | |
| Sold | \$ 255,474,644 | \$ 83,827,624 | \$ (3,108,658) | \$ (3,108,658) |
| Bought | 286,519,680 | 104,425,233 | 3,127,647 | 3,127,647 |
| Options: | | | | |
| Sold | 66,382,562 | 3,405,925 | 58,978 | (26,279) |
| Bought | 52,353,359 | 4,672,719 | 82,046 | 45,863 |
| Over-the-Counter: | | | | |
| FRAs: | | | | |
| Sold | 218,557,693 | 50,207,625 | 240,524 | 240,524 |
| Bought | 182,562,866 | 45,661,222 | (229,190) | (229,190) |
| Swaps: | | | | |
| Receive Fixed/Pay Float | 2,095,450,093 | 1,174,536,185 | 48,601,955 | 48,601,955 |
| Receive Float/Pay Fixed | 2,119,444,736 | 1,172,036,753 | (49,755,153) | (49,755,153) |
| Receive Float/Pay Float | 83,742,702 | 42,385,802 | 13,184 | 13,184 |
| Receive Fixed/Pay Fixed | 21,197,836 | 16,105,863 | 25,225 | 25,225 |
| Options: | | | | |
| Sold | 71,219,528 | 46,346,058 | 92,041 | (78,718) |
| Bought | 57,204,376 | 38,256,492 | 515,855 | 363,571 |
| Total | \$ / | \$ / | \$ / | \$ (780,029) |

Note: The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of income. Derivative transactions being used for hedge accounting are excluded from the above table.

(2) Currency-Related Transactions

| Type of Transactions | Millions of yen | | | |
|----------------------|-----------------|---------------|--------------|------------------------|
| | Contract value | | Market value | Unrealized gain (loss) |
| | Total | Over one year | | |
| At March 31, 2001 | | | | |
| Over-the-Counter: | | | | |
| Currency Swaps | ¥17,372,314 | ¥12,285,917 | ¥225,082 | ¥101,465 |

| Type of Transactions | Thousands of U.S. dollars | | | |
|----------------------|---------------------------|---------------|--------------|------------------------|
| | Contract value | | Market value | Unrealized gain (loss) |
| | Total | Over one year | | |
| At March 31, 2001 | | | | |
| Over-the-Counter: | | | | |
| Currency Swaps | \$140,212,389 | \$99,159,945 | \$1,816,650 | \$818,928 |

Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the Consolidated Statement of Income. Derivative transactions being used for hedge accounting and the following transactions described in note 2 are excluded from the above table.

2. Currency swap transactions which are accrued in accordance with "Tentative Auditing Treatment for the continuing adoption of 'New Foreign Exchange Accounting Standards' in banking industries" issued by JICPA dated April 10, 2000 are excluded from the above tables.

Currency swap transactions accounted for under the accrual method are as follows:

| Type of Transactions | Millions of yen | | | Thousands of U.S. dollars | | |
|----------------------|-----------------|--------------|------------------------|---------------------------|--------------|------------------------|
| | Contract value | Market value | Unrealized gain (loss) | Contract value | Market value | Unrealized gain (loss) |
| Currency Swaps | ¥1,576,084 | ¥10,348 | ¥(5,114) | \$12,720,616 | \$83,524 | \$(41,283) |

3. The following currency forwards, currency options and other transactions are excluded from the above table:

- * Transactions which are marked to market and of which unrealized gain or loss is charged to the Consolidated Statement of Income.
- * Transactions which are for financial assets and liabilities denominated in foreign currencies and recognized on the Consolidated Balance Sheet.
- * Transactions denominated in foreign currencies which are eliminated in the consolidation process.

Currency-related derivatives which are marked to market are as follows:

| Type of Transactions | At March 31, 2001 | |
|----------------------|-------------------|---------------------------|
| | Millions of yen | Thousands of U.S. dollars |
| | Contract value | |
| Listed: | | |
| Futures: | | |
| Sold | ¥ 1,469 | \$ 11,861 |
| Bought | 209 | 1,693 |
| Over-the-Counter: | | |
| Forwards: | | |
| Sold | 24,321,306 | 196,297,869 |
| Bought | 28,970,975 | 233,825,469 |
| Options: | | |
| Sold | 4,608,183 | 37,192,767 |
| Bought | 4,571,896 | 36,899,888 |

(3) Stock-Related Transactions

| Type of Transactions | At March 31, 2001 | | | | At March 31, 2001 | | | |
|----------------------|-------------------|------------|--------------|------------------------|---------------------------|-------------|--------------|------------------------|
| | Millions of yen | | | | Thousands of U.S. dollars | | | |
| | Contract value | | Market value | Unrealized gain (loss) | Contract value | | Market value | Unrealized gain (loss) |
| Total | Over one year | Total | | | Over one year | | | |
| Listed: | | | | | | | | |
| Index Futures: | | | | | | | | |
| Sold | ¥69,338 | ¥ — | ¥1,002 | ¥1,002 | \$559,635 | \$ — | \$8,091 | \$ 8,091 |
| Bought | 15,981 | — | (224) | (224) | 128,990 | — | (1,811) | (1,811) |
| Index Options: | | | | | | | | |
| Sold | 35,494 | — | 128 | (12) | 286,473 | — | 1,033 | (100) |
| Bought | 12,046 | — | 293 | 35 | 97,224 | — | 2,370 | 284 |
| Over-the-Counter: | | | | | | | | |
| Options: | | | | | | | | |
| Sold | 6,182 | 1,300 | 372 | (102) | 49,900 | 10,492 | 3,006 | (825) |
| Bought | 15,555 | 4,673 | 986 | 717 | 125,551 | 37,718 | 7,963 | 5,788 |
| Total | ¥ / | ¥ / | ¥ / | ¥1,415 | \$ / | \$ / | \$ / | \$11,427 |

Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the Consolidated Statement of Income.

2. Derivative transactions being used for hedge accounting are excluded from the above table.

(4) Bond-Related Transactions

| Type of Transactions | At March 31, 2001 | | | | At March 31, 2001 | | | |
|----------------------|-------------------|------------|--------------|------------------------|---------------------------|-------------|--------------|------------------------|
| | Millions of yen | | | | Thousands of U.S. dollars | | | |
| | Contract value | | Market value | Unrealized gain (loss) | Contract value | | Market value | Unrealized gain (loss) |
| Total | Over one year | Total | | | Over one year | | | |
| Listed: | | | | | | | | |
| Index Futures: | | | | | | | | |
| Sold | ¥621,019 | ¥ — | ¥ (876) | ¥ (876) | \$5,012,266 | \$ — | \$(7,077) | \$(7,077) |
| Bought | 441,976 | — | 944 | 944 | 3,567,201 | — | 7,622 | 7,622 |
| Futures Options: | | | | | | | | |
| Sold | 503,069 | — | 204 | 402 | 4,060,289 | — | 1,653 | 3,250 |
| Bought | 440,881 | — | 898 | 415 | 3,558,365 | — | 7,253 | 3,351 |
| Over-the-Counter: | | | | | | | | |
| Options: | | | | | | | | |
| Sold | 86,079 | — | 217 | (18) | 694,751 | — | 1,759 | (147) |
| Bought | 89,530 | 3,315 | 702 | 590 | 722,602 | 26,757 | 5,671 | 4,763 |
| Total | ¥ / | ¥ / | ¥ / | ¥1,457 | \$ / | \$ / | \$ / | \$11,762 |

Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the Consolidated Statement of Income.

2. Derivative transactions being used for hedge accounting are excluded from the above table.

(5) Commodity-Related Transactions

| Type of Transactions | Millions of yen | | | | Thousands of U.S. dollars | | | |
|----------------------|-----------------|---------------|--------------|------------------------|---------------------------|---------------|--------------|------------------------|
| | Contract value | | Market value | Unrealized gain (loss) | Contract value | | Market value | Unrealized gain (loss) |
| | Total | Over one year | | | Total | Over one year | | |
| Listed: | | | | | | | | |
| Futures: | | | | | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — | \$ — | \$ — | \$ — | \$ — |
| Bought | — | — | — | — | — | — | — | — |
| Over-the-Counter: | | | | | | | | |
| Forwards: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Bought | — | — | — | — | — | — | — | — |
| Swaps: | | | | | | | | |
| Options: | | | | | | | | |
| Sold | 5,031 | 496 | 330 | 101 | 40,606 | 4,005 | 2,666 | 817 |
| Bought | 5,031 | 496 | 330 | (82) | 40,606 | 4,005 | 2,666 | (669) |
| Total | ¥ / | ¥ / | ¥ / | ¥ 18 | \$ / | \$ / | \$ / | \$ 148 |

- Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the Consolidated Statement of Income.
2. Derivative transactions being used for hedge accounting are excluded from the above table.
3. Commodities are oil and copper.

(6) Credit Derivatives Transactions

| Type of Transactions | Millions of yen | | | | Thousands of U.S. dollars | | | |
|-----------------------|-----------------|---------------|--------------|------------------------|---------------------------|---------------|--------------|------------------------|
| | Contract value | | Market value | Unrealized gain (loss) | Contract value | | Market value | Unrealized gain (loss) |
| | Total | Over one year | | | Total | Over one year | | |
| Over-the-Counter: | | | | | | | | |
| Credit Default Swaps: | | | | | | | | |
| Sold | ¥ 64,101 | ¥ 60,021 | ¥ (504) | ¥ (528) | \$ 517,362 | \$484,434 | \$(4,071) | \$(4,265) |
| Bought | 124,363 | 113,189 | 1,016 | 1,019 | 1,003,743 | 913,553 | 8,207 | 8,225 |
| Total | ¥ / | ¥ / | ¥ / | ¥ 490 | \$ / | \$ / | \$ / | \$ 3,960 |

- Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the Consolidated Statement of Income.
2. Derivative transactions being used for hedge accounting are excluded from the above table.

(7) Weather Derivatives Transactions

| Type of Transactions | Millions of yen | | | | Thousands of U.S. dollars | | | |
|--------------------------------|-----------------|---------------|--------------|------------------------|---------------------------|---------------|--------------|------------------------|
| | Contract value | | Market value | Unrealized gain (loss) | Contract value | | Market value | Unrealized gain (loss) |
| | Total | Over one year | | | Total | Over one year | | |
| Over-the-Counter: | | | | | | | | |
| Weather Derivatives (Options): | | | | | | | | |
| Sold | ¥595 | ¥— | ¥38 | ¥33 | \$4,805 | \$— | \$314 | \$274 |
| Bought | 595 | — | 31 | (7) | 4,805 | — | 258 | (58) |
| Total | ¥ / | ¥ / | ¥ / | ¥26 | \$ / | \$ / | \$ / | \$216 |

- Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the Consolidated Statement of Income.
2. Derivative transactions being used for hedge accounting are excluded from the above table.



Non-Consolidated Financial Statements of Mizuho Holdings and the Five Core Subsidiaries

Chapter 10

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Non-Consolidated Balance Sheet

Mizuho Holdings, Inc.
March 31, 2001

| | Millions of yen March 31, 2001 | Thousands of U.S. dollars March 31, 2001 |
|---|-----------------------------------|--|
| ASSETS | | |
| Current Assets | ¥ 47,278 | \$ 381,587 |
| Cash and Due from Banks | 28,244 | 227,966 |
| Other Current Assets | 19,033 | 153,622 |
| Non-current Assets | 7,362,267 | 59,421,043 |
| Tangible Fixed Assets | 2,344 | 18,924 |
| Intangible Fixed Assets | 876 | 7,074 |
| Investments in Subsidiaries (Stocks) | 6,507,049 | 52,518,560 |
| Investments in Subsidiaries (Bonds) | 650,000 | 5,246,166 |
| Long-term Loans to Subsidiary | 200,000 | 1,614,205 |
| Other Investments | 1,996 | 16,114 |
| Deferred Charges | 3,086 | 24,910 |
| Total Assets | ¥7,412,632 | \$59,827,541 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Current Liabilities | ¥ 1,225 | \$ 9,889 |
| Accrued Expenses | 279 | 2,258 |
| Accrued Taxes | 766 | 6,187 |
| Other Current Liabilities | 178 | 1,444 |
| Non-current Liabilities | 850,000 | 6,860,371 |
| Bonds | 850,000 | 6,860,371 |
| Total Liabilities | 851,225 | 6,870,261 |
| Shareholders' Equity | | |
| Common Stock and Preferred Stock | 2,572,000 | 20,758,676 |
| Capital Surplus | 3,891,642 | 31,409,541 |
| Retained Earnings | 97,764 | 789,062 |
| Total Shareholders' Equity | 6,561,407 | 52,957,280 |
| Total Liabilities and Shareholders' Equity | ¥7,412,632 | \$59,827,541 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Statement of Income

Mizuho Holdings, Inc.

For the fiscal year ended March 31, 2001

| | Millions of yen Fiscal 2000 | Thousands of U.S. dollars Fiscal 2000 |
|--|--------------------------------|---|
| Operating Income | ¥114,020 | \$920,262 |
| Dividends on Investments in Subsidiaries (Stocks) | 95,957 | 774,479 |
| Fees and Commissions Received from Subsidiaries | 12,338 | 99,587 |
| Interest Income on Investments in Subsidiaries (Bonds) | 4,439 | 35,833 |
| Interest Income on Loans to Subsidiary | 1,283 | 10,363 |
| Operating Expenses | 13,961 | 112,682 |
| Interest Expenses on Bonds | 5,723 | 46,196 |
| General and Administrative Expenses | 8,237 | 66,486 |
| Operating Profit | 100,059 | 807,581 |
| Non-operating Income | 54 | 442 |
| Non-operating Expenses | 820 | 6,624 |
| Income before Income Taxes | 99,293 | 801,399 |
| Income Tax Expenses: | | |
| Current | 1,678 | 13,545 |
| Deferred | (149) | (1,208) |
| Net Income | ¥ 97,764 | \$789,062 |

Notes: 1. Fiscal 2000 represents the fiscal year from September 29, 2000 to March 31, 2001.

2. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

3. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Balance Sheets

The Dai-Ichi Kangyo Bank, Limited
March 31, 2001 and 2000

| | Millions of yen | | Thousands of U.S. dollars |
|--|--------------------|--------------------|------------------------------|
| | March 31, 2001 | March 31, 2000 | March 31, 2001 |
| ASSETS | | | |
| Cash and Due from Banks | ¥ 1,820,781 | ¥ 2,351,281 | \$ 14,695,575 |
| Call Loans and Bills Purchased | 197,108 | 101,810 | 1,590,871 |
| Other Debt Purchased | 1,538 | 2,801 | 12,417 |
| Trading Assets | 3,947,367 | 2,421,254 | 31,859,301 |
| Money Held in Trust | 328,785 | 173,770 | 2,653,640 |
| Securities | 7,151,958 | 7,054,022 | 57,723,635 |
| Loans and Bills Discounted | 31,550,945 | 32,452,559 | 254,648,470 |
| Foreign Exchange Assets | 315,527 | 288,499 | 2,546,634 |
| Other Assets | 3,009,652 | 1,360,492 | 24,290,981 |
| Premises and Equipment | 765,632 | 779,568 | 6,179,443 |
| Deferred Tax Assets | 522,539 | 545,374 | 4,217,428 |
| Customers' Liabilities for Acceptances and Guarantees | 2,811,452 | 2,679,760 | 22,691,306 |
| Reserve for Possible Losses on Loans | (603,214) | (795,606) | (4,868,559) |
| Reserve for Possible Losses on Securities | (1,787) | (111,566) | (14,431) |
| Total Assets | ¥51,818,289 | ¥49,304,022 | \$418,226,711 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities | | | |
| Deposits | ¥33,883,192 | ¥35,056,563 | \$273,472,094 |
| Call Money and Bills Sold | 4,087,584 | 2,348,134 | 32,990,995 |
| Commercial Paper | 573,000 | 98,500 | 4,624,697 |
| Trading Liabilities | 1,125,595 | 632,276 | 9,084,709 |
| Borrowed Money | 1,836,786 | 1,876,649 | 14,824,753 |
| Foreign Exchange Liabilities | 166,538 | 135,335 | 1,344,133 |
| Other Liabilities | 4,519,755 | 3,609,098 | 36,479,060 |
| Reserve for Retirement Allowances | — | 38,763 | — |
| Reserve for Possible Losses on Loans Sold | 113,485 | 142,483 | 915,941 |
| Other Reserves | 6 | 6 | 52 |
| Deferred Tax Liabilities on Revaluation Reserve for Land | 202,950 | 212,408 | 1,638,022 |
| Acceptances and Guarantees | 2,811,452 | 2,679,760 | 22,691,306 |
| Total Liabilities | 49,320,347 | 46,829,980 | 398,065,762 |
| Shareholders' Equity | | | |
| Common Stock and Preferred Stock | 858,784 | 858,784 | 6,931,274 |
| Capital Surplus | 747,181 | 747,181 | 6,030,519 |
| Revaluation Reserve for Land, net of Taxes | 319,176 | 327,247 | 2,576,081 |
| Retained Earnings: | 572,799 | 540,828 | 4,623,075 |
| Appropriated Reserve | 465,597 | 445,328 | 3,757,850 |
| Unappropriated Retained Earnings | 107,201 | 95,499 | 865,225 |
| Total Shareholders' Equity | 2,497,941 | 2,474,042 | 20,160,949 |
| Total Liabilities and Shareholders' Equity | ¥51,818,289 | ¥49,304,022 | \$418,226,711 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.
2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Statements of Income

The Dai-Ichi Kangyo Bank, Limited

For the fiscal years ended March 31, 2001 and 2000

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|------------------|------------------|------------------------------|
| | Fiscal 2000 | Fiscal 1999 | Fiscal 2000 |
| Income | | | |
| Interest Income | ¥ 949,887 | ¥1,058,529 | \$ 7,666,568 |
| Loans and Bills Discounted | 759,361 | 737,640 | 6,128,822 |
| Securities | 123,412 | 114,490 | 996,069 |
| Fee and Commissions Income | 120,865 | 110,317 | 975,512 |
| Trading Income | 42,893 | 20,729 | 346,198 |
| Other Operating Income | 93,233 | 102,159 | 752,486 |
| Other Income | 285,954 | 582,764 | 2,307,948 |
| Total Income | 1,492,835 | 1,874,500 | 12,048,712 |
| Expenses | | | |
| Interest Expenses | 422,349 | 466,549 | 3,408,794 |
| Deposits | 231,037 | 213,027 | 1,864,710 |
| Fee and Commissions Expenses | 32,890 | 33,380 | 265,457 |
| Trading Expenses | — | 4,378 | — |
| Other Operating Expenses | 49,498 | 47,657 | 399,507 |
| General and Administrative Expenses | 374,311 | 400,127 | 3,021,074 |
| Other Expenses | 503,504 | 715,281 | 4,063,794 |
| Total Expenses | 1,382,553 | 1,667,374 | 11,158,626 |
| Income before Income Taxes | 110,281 | 207,126 | 890,086 |
| Income Tax Expenses: | | | |
| Current | 21,717 | 39,525 | 175,286 |
| Deferred | 16,021 | 78,702 | 129,314 |
| Net Income | ¥ 72,541 | ¥ 88,897 | \$ 585,486 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

3. From fiscal 2000, the Accounting Standard for Employee Retirement Benefits has been adopted. As a result, Income before Income Taxes decreased by ¥15,346 million (\$123,862 thousand), compared to the previous method. The establishment of the employee retirement benefit trust during fiscal 2001 resulted in an increase in Income before Income Taxes of ¥38,505 million (\$310,776 thousand).

4. From fiscal 2000, the Accounting Standard for Financial Instruments has been adopted, which changed the valuation methods for securities and derivative contracts, as well as the accounting method for hedge transactions. These changes resulted in an increase in Income before Income Taxes of ¥33,538 million (\$270,686 thousand), compared to the previous method.

Non-Consolidated Balance Sheets

The Fuji Bank, Limited
March 31, 2001 and 2000

| | Millions of yen | | Thousands of U.S. dollars |
|--|--------------------|--------------------|------------------------------|
| | March 31, 2001 | March 31, 2000 | March 31, 2001 |
| ASSETS | | | |
| Cash and Due from Banks | ¥ 1,985,789 | ¥ 2,541,682 | \$ 16,027,355 |
| Call Loans and Bills Purchased | 316,494 | 171,967 | 2,554,433 |
| Other Debt Purchased | 53,835 | 34,983 | 434,511 |
| Trading Assets | 2,003,435 | 1,163,889 | 16,169,777 |
| Money Held in Trust | 26,364 | 50,401 | 212,788 |
| Securities | 10,526,340 | 6,427,786 | 84,958,360 |
| Loans and Bills Discounted | 31,666,743 | 31,267,681 | 255,583,082 |
| Foreign Exchange Assets | 305,079 | 316,136 | 2,462,305 |
| Other Assets | 2,692,520 | 1,594,605 | 21,731,401 |
| Premises and Equipment | 522,999 | 525,119 | 4,221,138 |
| Deferred Tax Assets | 565,485 | 605,896 | 4,564,051 |
| Customers' Liabilities for Acceptances and Guarantees | 3,343,835 | 2,800,360 | 26,988,184 |
| Reserve for Possible Losses on Loans | (473,026) | (464,024) | (3,817,808) |
| Reserve for Possible Losses on Securities | (98,425) | (27,037) | (794,395) |
| Total Assets | ¥53,437,473 | ¥47,009,449 | \$431,295,182 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities | | | |
| Deposits | ¥33,731,546 | ¥32,015,560 | \$272,248,153 |
| Call Money and Bills Sold | 3,457,195 | 3,661,101 | 27,903,110 |
| Commercial Paper | 579,000 | 565,000 | 4,673,123 |
| Trading Liabilities | 1,171,579 | 691,730 | 9,455,849 |
| Borrowed Money | 1,998,304 | 2,028,227 | 16,128,366 |
| Foreign Exchange Liabilities | 88,389 | 140,514 | 713,396 |
| Bonds and Notes | 300,000 | 300,000 | 2,421,308 |
| Other Liabilities | 6,108,022 | 2,103,427 | 49,298,005 |
| Reserve for Retirement Allowances | — | 44,693 | — |
| Reserve for Employee Retirement Benefits | 57,022 | — | 460,233 |
| Reserve for Possible Losses on Loans Sold | 62,488 | 110,619 | 504,343 |
| Reserve for Possible Losses on Support of Specific Borrowers | 35,712 | 57,506 | 288,233 |
| Other Reserves | 78 | 68 | 632 |
| Deferred Tax Liabilities on Revaluation Reserve for Land | 83,122 | 85,589 | 670,884 |
| Acceptances and Guarantees | 3,343,835 | 2,800,360 | 26,988,184 |
| Total Liabilities | 51,016,298 | 44,604,399 | 411,753,819 |
| Shareholders' Equity | | | |
| Common Stock and Preferred Stock | 1,039,544 | 1,039,544 | 8,390,186 |
| Capital Surplus | 929,907 | 929,907 | 7,505,309 |
| Revaluation Reserve for Land, net of Taxes | 134,475 | 135,229 | 1,085,357 |
| Retained Earnings: | 317,247 | 300,368 | 2,560,511 |
| Appropriated Reserve | 223,873 | 174,135 | 1,806,889 |
| Unappropriated Retained Earnings | 93,373 | 126,233 | 753,622 |
| Total Shareholders' Equity | 2,421,174 | 2,405,050 | 19,541,363 |
| Total Liabilities and Shareholders' Equity | ¥53,437,473 | ¥47,009,449 | \$431,295,182 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Statements of Income

The Fuji Bank, Limited

For the fiscal years ended March 31, 2001 and 2000

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|------------------|------------------|------------------------------|
| | Fiscal 2000 | Fiscal 1999 | Fiscal 2000 |
| Income | | | |
| Interest Income | ¥1,010,628 | ¥1,366,251 | \$ 8,156,805 |
| Loans and Bills Discounted | 784,299 | 724,641 | 6,330,105 |
| Securities | 113,214 | 97,478 | 913,757 |
| Fee and Commissions Income | 127,418 | 116,037 | 1,028,397 |
| Trading Income | 38,541 | 11,965 | 311,070 |
| Other Operating Income | 32,460 | 139,600 | 261,986 |
| Other Income | 400,565 | 412,160 | 3,232,978 |
| Total Income | 1,609,614 | 2,046,014 | 12,991,236 |
| Expenses | | | |
| Interest Expenses | 519,475 | 872,865 | 4,192,703 |
| Deposits | 358,632 | 233,898 | 2,894,533 |
| Fee and Commissions Expenses | 48,079 | 45,352 | 388,048 |
| Trading Expenses | 15,573 | 1,450 | 125,695 |
| Other Operating Expenses | 15,902 | 113,164 | 128,349 |
| General and Administrative Expenses | 346,140 | 350,394 | 2,793,708 |
| Other Expenses | 556,846 | 435,881 | 4,494,320 |
| Total Expenses | 1,502,017 | 1,819,109 | 12,122,823 |
| Income before Income Taxes | 107,596 | 226,904 | 868,413 |
| Income Tax Expenses: | | | |
| Current | 274 | 248 | 2,217 |
| Deferred | 39,176 | 124,501 | 316,195 |
| Net Income | ¥ 68,145 | ¥ 102,154 | \$ 550,001 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

3. From fiscal 2000, the Accounting Standard for Employee Retirement Benefits has been adopted. As a result, Income before Income Taxes decreased by ¥12,644 million (\$102,055 thousand), compared to the previous method. The establishment of the employee retirement benefit trust during fiscal 2001 resulted in a decrease in Income before Income Taxes of ¥21,224 million (\$171,301 thousand).

4. From fiscal 2000, the Accounting Standard for Financial Instruments has been adopted, which changed the valuation methods for securities and derivative contracts, as well as the accounting method for hedge transactions. These changes resulted in an increase in Income before Income Taxes of ¥33,232 million (\$268,222 thousand), compared to the previous method.

Non-Consolidated Balance Sheets

The Industrial Bank of Japan, Limited
March 31, 2001 and 2000

| | Millions of yen | | Thousands of U.S. dollars |
|---|--------------------|--------------------|------------------------------|
| | March 31, 2001 | March 31, 2000 | March 31, 2001 |
| ASSETS | | | |
| Cash and Due from Banks | ¥ 1,040,678 | ¥ 841,161 | \$ 8,399,343 |
| Call Loans and Bills Purchased | 354,657 | 558,002 | 2,862,447 |
| Other Debts Purchased | 32,141 | 7,197 | 259,416 |
| Trading Assets | 2,363,954 | 2,163,616 | 19,079,538 |
| Money Held in Trust | 6,274 | 10,123 | 50,642 |
| Securities | 9,632,464 | 7,703,889 | 77,743,865 |
| Loans and Bills Discounted | 22,480,014 | 22,232,483 | 181,436,760 |
| Foreign Exchange Assets | 176,692 | 222,663 | 1,426,089 |
| Other Assets | 5,537,755 | 3,090,749 | 44,695,366 |
| Premises and Equipment | 235,039 | 257,462 | 1,897,008 |
| Deferred Debenture Charges | 9,540 | 8,742 | 77,001 |
| Deferred Tax Assets | 323,827 | 363,922 | 2,613,617 |
| Customers' Liabilities for Acceptances and Guarantees | 1,786,157 | 1,491,724 | 14,416,121 |
| Reserves for Possible Losses on Loans | (263,538) | (901,118) | (2,127,028) |
| Total Assets | ¥43,715,659 | ¥38,050,621 | \$352,830,185 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities | | | |
| Deposits | ¥ 8,308,958 | ¥ 6,299,480 | \$ 67,061,810 |
| Debentures | 18,395,801 | 19,933,842 | 148,472,975 |
| Call Money and Bills Sold | 4,015,726 | 2,084,358 | 32,411,026 |
| Commercial Paper | 611,000 | 164,000 | 4,931,396 |
| Trading Liabilities | 1,303,747 | 908,652 | 10,522,576 |
| Borrowed Money | 1,483,347 | 1,537,621 | 11,972,133 |
| Foreign Exchange Liabilities | 31,540 | 60,271 | 254,563 |
| Other Liabilities | 5,792,429 | 3,561,784 | 46,750,844 |
| Reserves for Retirement Allowances | — | 49,332 | — |
| Reserves for Employee Retirement Benefits | 50,107 | — | 404,417 |
| Reserves for Possible Losses on Loans Sold | 19,425 | 47,506 | 156,780 |
| Reserves for Possible Losses on Support of Specific Borrowers | 141,025 | 167,198 | 1,138,218 |
| Other Reserves | 24,032 | 13,938 | 193,968 |
| Deferred Tax Liabilities on Revaluation Reserve for Land | 56,933 | 63,484 | 459,512 |
| Acceptances and Guarantees | 1,786,157 | 1,491,724 | 14,416,121 |
| Total Liabilities | 42,020,231 | 36,383,195 | 339,146,339 |
| Shareholders' Equity | | | |
| Common Stock and Preferred Stock | 673,605 | 673,605 | 5,436,685 |
| Capital Surplus | 570,132 | 570,132 | 4,601,551 |
| Revaluation Reserves for Land, net of Taxes | 91,061 | 99,212 | 734,956 |
| Retained Earnings: | 360,630 | 324,475 | 2,910,654 |
| Appropriated Reserves | 275,154 | 248,178 | 2,220,778 |
| Unappropriated Retained Earnings | 85,475 | 76,296 | 689,876 |
| Total Shareholders' Equity | 1,695,428 | 1,667,425 | 13,683,846 |
| Total Liabilities and Shareholders' Equity | ¥43,715,659 | ¥38,050,621 | \$352,830,185 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Statements of Income

The Industrial Bank of Japan, Limited

For the fiscal years ended March 31, 2001 and 2000

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|------------------|------------------|------------------------------|
| | Fiscal 2000 | Fiscal 1999 | Fiscal 2000 |
| Income | | | |
| Interest Income | ¥ 873,448 | ¥1,333,240 | \$ 7,049,627 |
| Loans and Bills Discounted | 555,845 | 531,095 | 4,486,242 |
| Securities | 201,994 | 180,375 | 1,630,301 |
| Fee and Commissions Income | 81,564 | 66,515 | 658,312 |
| Trading Income | 41,293 | 18,160 | 333,278 |
| Other Operating Income | 105,378 | 1,007,451 | 850,514 |
| Other Income | 168,329 | 298,786 | 1,358,595 |
| Total Income | 1,270,015 | 2,724,155 | 10,250,326 |
| Expenses | | | |
| Interest Expenses | 702,009 | 1,098,353 | 5,665,936 |
| Debentures | 212,123 | 255,932 | 1,712,052 |
| Amortization of Debenture Discounts | 14,041 | 20,224 | 113,333 |
| Deposits | 174,980 | 128,825 | 1,412,270 |
| Fee and Commissions Expenses | 14,947 | 14,861 | 120,638 |
| Trading Expenses | — | 171 | — |
| Other Operating Expenses | 61,899 | 1,005,385 | 499,591 |
| General and Administrative Expenses | 140,508 | 140,684 | 1,134,051 |
| Other Expenses | 253,172 | 326,266 | 2,043,362 |
| Total Expenses | 1,172,537 | 2,585,723 | 9,463,578 |
| Income Before Income Taxes | 97,478 | 138,432 | 786,748 |
| Income Tax Expenses: | | | |
| Current | 1,105 | 37,811 | 8,918 |
| Deferred | 34,439 | 40,388 | 277,960 |
| Net Income | ¥ 61,933 | ¥ 60,232 | \$ 499,870 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

3. From fiscal 2000, the Accounting Standard for Employee Retirement Benefits has been adopted. As a result, Income before Income Taxes decreased by ¥3,448 million (\$27,836 thousand), compared to the previous method. The establishment of the employee retirement benefit trust during fiscal 2001 resulted in a decrease in Income before Income Taxes of ¥2,876 million (\$23,218 thousand).

4. From fiscal 2000, the Accounting Standard for Financial Instruments has been adopted, which changed the valuation methods for securities and derivative contracts, as well as the accounting method for hedge transactions. These changes resulted in an increase in Income before Income Taxes of ¥334 million (\$2,699 thousand), compared to the previous method.

Non-Consolidated Balance Sheet

Mizuho Securities Co., Ltd.
March 31, 2001

| | Millions of yen March 31, 2001 | Thousands of U.S. dollars March 31, 2001 |
|---|-----------------------------------|--|
| ASSETS | | |
| Cash and Due from Banks | ¥ 3,500 | \$ 44,394 |
| Receivables: | | |
| Securities Purchased under Resale Agreements | 1,253,402 | 10,116,242 |
| Securities Borrowed | 1,282,966 | 10,354,858 |
| Call Loans and Short-term Loans | 20,000 | 161,421 |
| Accrued Income | 5,865 | 47,340 |
| Others | 2,043 | 16,488 |
| Trading Assets | 2,074,448 | 16,742,929 |
| Securities in Custody | 1,665,736 | 13,444,201 |
| Premises and Equipment | 5,130 | 41,408 |
| Investment Securities | 46,957 | 378,993 |
| Other Assets | 12,375 | 99,882 |
| Total Assets | ¥6,374,426 | \$51,448,156 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Short-term Borrowings | ¥ 10,055 | \$ 81,156 |
| Trading Liabilities | 667,372 | 5,386,379 |
| Payables: | | |
| Payables to Customers | 1,738 | 14,032 |
| Unsettled-trade | 113,980 | 919,937 |
| Securities Sold under Repurchase Agreements | 1,185,621 | 9,569,183 |
| Securities Loaned | 2,474,141 | 19,968,858 |
| Others | 879 | 7,097 |
| Accrued Liabilities and Others: | | |
| Income Taxes Payable | 6 | 48 |
| Others | 6,962 | 56,197 |
| Securities Borrowed and Deposited | 1,665,736 | 13,444,201 |
| Statutory Reserves | 139 | 1,127 |
| Total Liabilities | 6,126,633 | 49,448,215 |
| Shareholders' Equity | | |
| Common Stock | 150,200 | 1,212,268 |
| Capital Surplus | 95,324 | 769,367 |
| Retained Earnings | 2,268 | 18,306 |
| Total Shareholders' Equity | 247,792 | 1,999,941 |
| Total Liabilities and Shareholders' Equity | ¥6,374,426 | \$51,448,156 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Statement of Income

Mizuho Securities Co., Ltd.

For the fiscal year ended March 31, 2001

| | Millions of yen | Thousands of U.S. dollars |
|---|------------------|---------------------------|
| | Fiscal 2000 | Fiscal 2000 |
| Revenues | | |
| Commissions | ¥13,121 | \$105,908 |
| Net Gain on Trading | 3,642 | 29,402 |
| Interest Income | 9,933 | 80,174 |
| Other Income | 78 | 635 |
| Subtotal | 26,777 | 216,119 |
| Less: Interest Expenses | (6,207) | (50,097) |
| Total Revenue | 20,570 | 166,022 |
| Expenses | | |
| Selling, General, and Administrative Expenses | 19,187 | 154,862 |
| Merger-related Cost | 3,043 | 24,565 |
| Other Expenses | 534 | 4,314 |
| Total Expenses | 22,765 | 183,741 |
| Loss before Income Taxes | (2,195) | (17,719) |
| Income Tax Expenses: | | |
| Current | 126 | 1,019 |
| Deferred | (946) | (7,636) |
| Net Loss | ¥ (1,375) | \$ (11,102) |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Balance Sheet

Mizuho Trust & Banking Co., Ltd.
March 31, 2001

| | Millions of yen March 31, 2001 | Thousands of U.S. dollars March 31, 2001 |
|---|-----------------------------------|--|
| ASSETS | | |
| Cash and Due from Banks | ¥107,576 | \$ 868,255 |
| Call Loans | 11,858 | 95,710 |
| Money Held in Trust | 11,000 | 88,781 |
| Securities | 196,904 | 1,589,218 |
| Foreign Exchanges | 1,102 | 8,896 |
| Other Assets | 96,181 | 776,280 |
| Premises and Equipment | 4,589 | 37,041 |
| Deferred Tax Assets | 11,688 | 94,339 |
| Reserve for Possible Losses on Loans | (33) | (270) |
| Total Assets | ¥440,867 | \$3,558,250 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Deposits | ¥ 41,243 | \$ 332,880 |
| Due to Trust Account | 230,124 | 1,857,342 |
| Other Liabilities | 14,900 | 120,263 |
| Reserve for Employee Retirement Benefits | 3,059 | 24,693 |
| Total Liabilities | 289,328 | 2,335,178 |
| Shareholders' Equity | | |
| Common Stock | 115,000 | 928,168 |
| Capital Surplus | 55,000 | 443,906 |
| Deficits | (18,461) | (149,002) |
| Total Shareholders' Equity | 151,538 | 1,223,072 |
| Total Liabilities and Shareholders' Equity | ¥440,867 | \$3,558,250 |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Non-Consolidated Statement of Income

Mizuho Trust & Banking Co., Ltd.
For the fiscal year ended March 31, 2001

| | Millions of yen | Thousands of U.S. dollars |
|-------------------------------------|------------------|------------------------------|
| | Fiscal 2000 | Fiscal 2000 |
| Income | | |
| Fiduciary Income | ¥40,202 | \$324,475 |
| Interest Income | 1,051 | 8,490 |
| Securities | 464 | 3,751 |
| Call Loans | 475 | 3,834 |
| Fee and Commissions Income | 13,633 | 110,035 |
| Other Operating Income | 576 | 4,650 |
| Other Income | 164 | 1,328 |
| Total Income | 55,628 | 448,978 |
| Expenses | | |
| Interest Expenses | 651 | 5,259 |
| Deposits | 15 | 128 |
| Fee and Commissions Expenses | 797 | 6,434 |
| General and Administrative Expenses | 33,877 | 273,422 |
| Other Expenses | 30,528 | 246,395 |
| Total Expenses | 65,854 | 531,510 |
| Loss before Income Taxes | (10,225) | (82,532) |
| Income Tax Expenses: | | |
| Current | 35 | 284 |
| Deferred | (4,152) | (33,518) |
| Net Loss | ¥ (6,107) | \$ (49,298) |

Notes: 1. The amounts indicated in millions of yen are rounded down by truncating the figures below one million.

2. The rate of ¥123.90=US\$1.00, the foreign exchange rate on March 31, 2001, has been used for translation.

Corporate Data of MIZUHO

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Chapter 11

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| Office Network of MIZUHO | 148 |

Investor Information on Mizuho Holdings

Date of Establishment

September 29, 2000

Paid-in Capital

¥2,572,000 million

Outstanding Shares

10,321,267.53 shares

Common Shares: 9,205,856.53 shares

Preferred Shares: 1,115,411 shares

Number of Shareholders

Common Shares: 134,475

Preferred Shares: 10

Principal Shareholders (Common Stock)

| | Shares held | Percentage of shares outstanding (%) |
|---|-------------|--------------------------------------|
| The Dai-ichi Mutual Life Insurance Company | 379,160.00 | 4.11 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 323,673.00 | 3.51 |
| NIPPON LIFE INSURANCE COMPANY | 236,663.76 | 2.57 |
| THE YASUDA MUTUAL LIFE INSURANCE COMPANY | 188,231.40 | 2.04 |
| Asahi Mutual Life Insurance Company | 175,608.00 | 1.90 |
| The Mitsubishi Trust and Banking Corporation (Trust account) | 148,938.00 | 1.61 |
| STATE STREET BANK AND TRUST COMPANY | 122,368.00 | 1.32 |
| The Yasuda Fire and Marine Insurance Co., Ltd. | 104,694.00 | 1.13 |
| The Toyo Trust and Banking Company, Limited (Trust account A) | 103,278.00 | 1.12 |
| THE CHASE MANHATTAN BANK, N.A. LONDON | 93,622.00 | 1.01 |

(as of March 31, 2001)

Stock Listings

Tokyo Stock Exchange
Osaka Securities Exchange
London Stock Exchange

Accounting Auditors

Century Ota Showa & Co.

(Century Ota Showa & Co. has changed its name to Shin Nihon & Co. effective July 1, 2001.)

ChuoAoyama Audit Corporation

Transfer Agent

Mizuho Trust & Banking Co., Ltd.

Fiscal Year

April 1 to March 31

Convocation of General Meetings of Shareholders

A regular general meeting of shareholders of the Company shall be convened no later than three months from the last day of each business year and an extraordinary general meeting of shareholders shall be convened whenever necessary.

Record Date

The Company shall deem shareholders having voting rights appearing on the last register of shareholders (including the register of beneficial shareholders; the same shall apply hereinafter) as of March 31 of each year as the shareholders who shall be entitled to exercise their rights at the regular general meeting of shareholders for the relevant fiscal term.

In addition to the preceding paragraph, the Company may temporarily set the record date whenever necessary, pursuant to a resolution of the Board of Directors and upon giving a prior public notice thereof.

Dividends

Dividends on shares shall be paid to the shareholders or registered pledgees appearing on the last register of shareholders as of March 31 of each year or to the holders of fractional shares appearing on the last register of holders of fractional shares as of March 31 of each year.

Interim Dividends

The Company may, by a resolution of the Board of Directors, make cash distributions pursuant to the provisions of Article 293-5 of the Commercial Code (referred to as "Interim Dividends" in these Articles of Incorporation) to the shareholders or registered pledgees appearing on the last register of shareholders as of September 30 of each year or to the holders of fractional shares appearing on the last register of holders of fractional shares as of September 30 of each year.



MIZUHO OFFICES (as of July 31, 2001)

Mizuho Trust & Banking Co. (USA) (*New York*)
Mizuho Capital Markets Corporation (*New York*)
Mizuho Bank (Canada) (*Toronto*)
Mizuho Nederland N.V. (*Amsterdam*)
Mizuho Bank (Schweiz) AG (*Zurich*)
Mizuho International plc (*London*)
Mizuho Capital Markets (UK) Limited (*London*)
Mizuho Trust & Banking (Luxembourg) S.A.
Mizuho Capital Markets (HK) Limited (*Hong Kong*)
Mizuho Securities Asia Limited (*Hong Kong*)

DKB OFFICES

Domestic Network (as of March 31, 2001)

Branches: 319
Sub-branches: 39
Agencies: 5
Automated Service Centers: 477

International Network (as of July 31, 2001)

The Americas

Branches and Agency

New York, Chicago, Los Angeles (Agency), Panama, Cayman

Representative Offices

Mexico, São Paulo, Caracas, Buenos Aires

Subsidiaries and Affiliates

DKB Financial Futures Corp., Dai-ichi Kangyo Bank of California,
DKB Data Services (USA) Inc.,
UNIBANCO-UNIÃO DE BANCOS BRASILEIROS S.A.,
Dai-ichi Kangyo Trust Company of New York, The CIT Group, Inc.

Europe and the Middle East

Branches

London, Düsseldorf

Representative Office

Bahrain

Subsidiary

DKB Investment Management International Limited

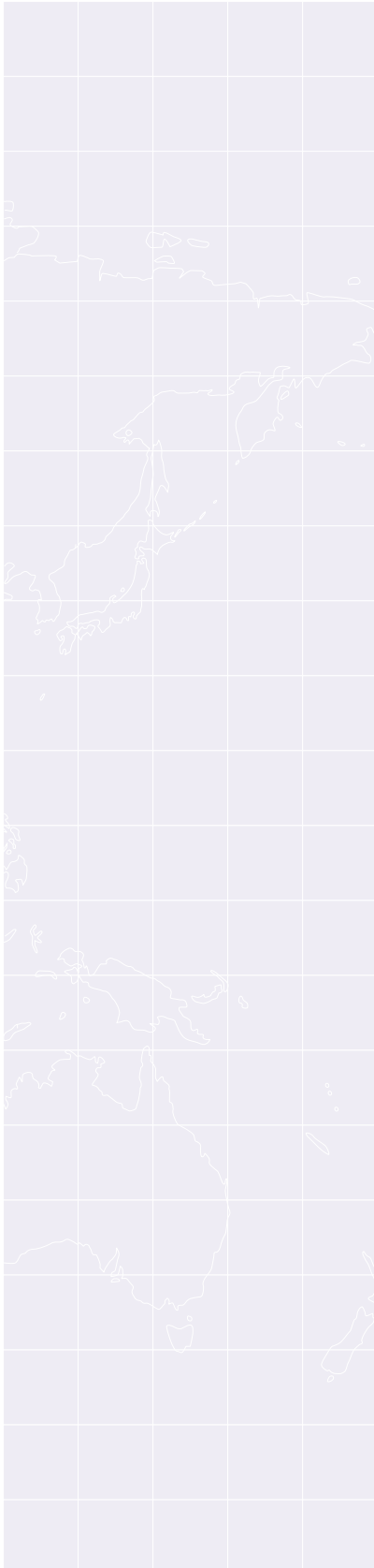
Asia and Oceania

Branches

Seoul, Shanghai, Dalian, Hong Kong, Taipei, Kaohsiung, Bangkok, Singapore,
Sydney

Representative Offices

Beijing, Wuhan, Xiamen, Guangzhou, Manila, Ho Chi Minh City, Yangon,
Jakarta, Bombay



Subsidiaries and Affiliates

DKB Leasing (Thailand) Co., Ltd., TISCO Finance Public Company Limited, Chekiang First Bank Ltd., DKB Asia Limited, P.T. Bank Dai-Ichi Kangyo Indonesia, P.T. Dai-Ichi Kangyo Panin Leasing, DKB Merchant Bank (Singapore) Limited, Dai-Ichi Kangyo Australia Limited

FUJI BANK OFFICES

Domestic Network (as of March 31, 2001)

Branches: 261
Sub-branches: 43
Agencies: 2
Automated Service Centers: 650

International Network (as of July 31, 2001)

The Americas

Branches and Agencies

New York, Chicago, Los Angeles (Agency), Houston (Agency), Grand Cayman

Representative Offices

São Paulo, Colombia

Subsidiaries and Affiliates

Fujii America Holdings, Inc., Fujii Futures Inc., Heller Financial, Inc., Heller International Group, Inc., Fujii Securities Inc., The Fujii Bank & Trust Company

Europe and the Middle East

Branches

London, Paris

Representative Offices

Bahrain, Tehran

Subsidiaries and Affiliates

Fujii Leasing (UK) Limited,
Fujii Investment Management Company (Europe) Limited

Asia and Oceania

Branches, International Banking Facility and Marketing Office

Seoul, Shanghai, Dalian, Shenzhen, Hong Kong, Taipei, Manila, Hanoi, Bangkok (IBF*), Labuan, Kuala Lumpur (Marketing Office), Singapore, Mumbai

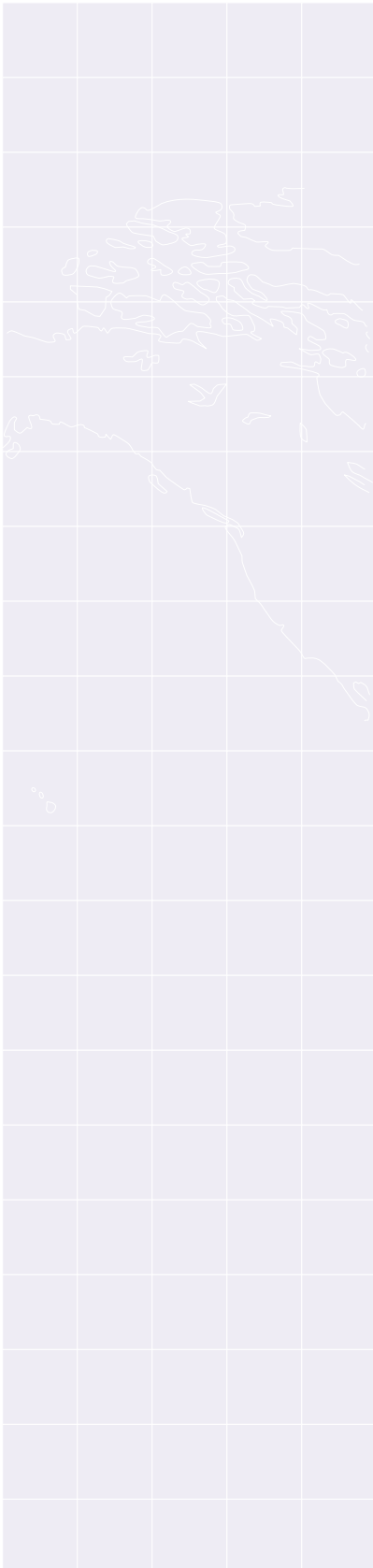
Representative Offices

Beijing, Tianjin, Nanjing, Guangzhou, Kuala Lumpur

Subsidiaries and Affiliates

Bangkok Fujii Holding Company, Limited, P.T. Bank Fujii International Indonesia, P.T. Jaya Fujii Leasing Pratama, Fujii International Finance (Singapore) Pte., Limited, The Fujii Futures (Singapore) Pte., Limited, Fujii International Finance (Australia) Limited

* International Banking Facility



IBJ OFFICES

Domestic Offices (as of March 31, 2001)

Branches: 24

International Offices (as of July 31, 2001)

The Americas

Branches, Office and Agencies

New York, Chicago, Los Angeles (Agency), San Francisco (Office),
Atlanta (Office), Houston (Office), Grand Cayman

Representative Offices

Mexico, São Paulo

Subsidiaries and Affiliates

Aubrey G. Lanston & Co. Inc., DLIBJ Asset Management U.S.A., Inc.,
IBJ Whitehall Bank & Trust Company,
The Bridgeford Group, Inc., The Industrial Bank of Japan Trust Company

Europe and the Middle East

Branches

London, Madrid, Milan

Representative Office

Bahrain

Subsidiaries and Affiliates

Industriebank von Japan (Deutschland) Aktiengesellschaft (Frankfurt),
DLIBJ Asset Management International Ltd.,
IBJ-BA Consulting Investitionberatung GmbH

Asia and Oceania

Branches

Shanghai, Dalian, Beijing, Hong Kong, Bangkok, Singapore

Representative Offices

Seoul, Wuhan, Guangzhou, Jakarta

Subsidiaries and Affiliates

P.T. Bumi Daya-IBJ Leasing, P.T. Bank IBJ Indonesia,
IBJ Lanston Futures Pte. Ltd., IBJ Australia Bank Limited

● Contact Information

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The Dai-Ichi Kangyo Bank, Limited

1-1-5, Uchisaiwaicho,
Chiyoda-ku, Tokyo 100-0011,
Japan
Tel. +81-(0)3-3596-1111
URL: <http://www.dkb.co.jp>



The Fuji Bank, Limited

1-5-5, Otemachi,
Chiyoda-ku, Tokyo 100-0004,
Japan
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URL: <http://www.fujibank.co.jp>



The Industrial Bank of Japan, Limited

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Mizuho Trust & Banking Co., Ltd.

1-6-2, Marunouchi,
Chiyoda-ku, Tokyo 100-0005,
Japan
Tel. +81-(0)3-3240-7000
URL: <http://www.mizuho-tb.co.jp>



 **Mizuho Financial Group**