



At Mizuho Corporate Bank, we are accelerating our transformation from our conventional asset-dependent financing business model to a market-oriented indirect financing model. At the same time, we are working to further provide optimal solutions as we aim to become the “Best Solutions Provider” by offering highly sophisticated solutions in response to customers' increasingly diverse and sophisticated needs.

As our management and employees endeavor to make Mizuho Corporate Bank even more profitable, we look forward to the continued support of our shareholders and customers.

July 2004

A handwritten signature in dark ink, appearing to read "H. Saito".

Hiroshi Saito

President & CEO, Mizuho Corporate Bank, Ltd.

**In order to systematically provide solutions that will contribute to higher corporate value for customers, we engage in the widest range of financial services on a continuous, multi-faceted basis.**

**Q. As you work to establish a business model based on asset turnover, what sort of measures have you taken in relation to the syndication business, which is an area that is expanding significantly in Japan?**

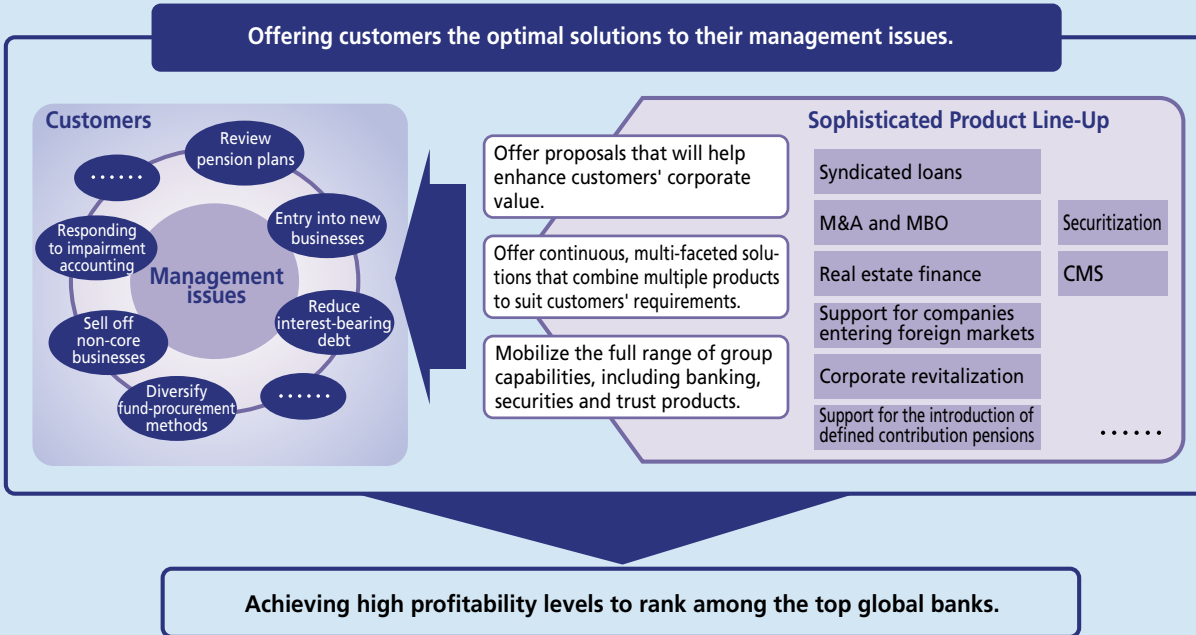
Amidst dramatic changes in Japan's economic structure and financial frameworks, we believe drastic reforms of asset and profit structures are essential. Therefore, since 2002, we have taken various steps to transform ourselves from our conventional asset-dependent business model to a market-oriented indirect financing model, or in other words, an “originate to distribute” business model based on asset turnover with loan syndication as its core.

In December 2002, we established the Syndicated Finance Business Unit—a world-class unit and the largest of any Japanese bank—to respond to our customers' funding requirements and make more

effective use of bank assets and expand our non-interest income. We continue our hands-on efforts to expand our syndication business using our enormous network of institutional investors consisting of financial institutions and the largest customer base of any domestic financial group.

With respect to origination, in order to promote the diversification of syndicated loans, we have recently been making use of syndication functions that go beyond conventional corporate financing techniques such as M&A and corporate revitalization. As for distribution, we have been working to expand our investor base by holding syndication seminars to pass on useful information concerning syndicated loans. As a result, the domestic syndicated loan market has continued to expand dramatically, reaching ¥19 trillion in fiscal 2003, of which the Mizuho Financial Group now has the largest market share at 40%.

## Mizuho Corporate Bank — “Best Solutions Provider”

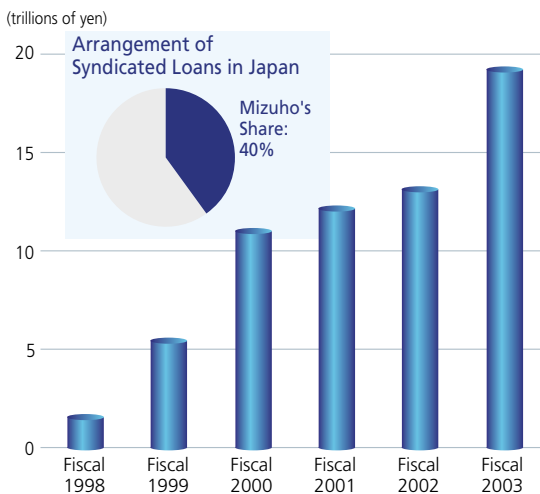


Moreover, based on our awareness that the creation of a secondary market for trading in loans is essential for the rapid development of the domestic syndicated loan arrangement market, we established the Syndicated Finance & Loan Trading Division, the first division of its kind in the Japanese banking sector to specialize in the loan trading business, and started broking loan assets in

October 2003. At a time when financial institutions are required to adopt a strategic approach to credit portfolio management, we expect demand for loan trading to increase still further.

As a front-runner in the syndicated loan market, we will work on further enlarging the primary market while establishing and expanding the secondary market.

### Trends in Japan's Syndicated Loan Market and Mizuho's Share



Source: Fiscal 1998-Fiscal 2002: IFR Database  
 Fiscal 2003: Bank of Japan statistics  
 (Market share calculated by Mizuho Corporate Bank)

### Q. What sort of initiatives has Mizuho Corporate Bank adopted to provide the best solutions possible?

As customers' needs become increasingly diverse and sophisticated, the further reinforcement of our capability to provide optimal solutions gains in importance as a management issue for us as a “solutions bank.” We are working to further strengthen our capabilities as we aim to become the “Best Solutions Provider” by offering speedy, accurate, high-level solutions not only for customers' financial strategies, but also for management and business strategies in such areas as the reconstruction of existing businesses and entry into new business sectors.

Our large corporate customers are facing more difficult financial issues than ever, such as responses to impairment accounting and other changes in accounting systems as well as reviews of the pension system, and are considering various business strategies to strengthen their competitiveness. Meanwhile, our regional financial institution customers also face managerial issues in connection with their exploration into new business areas and responses to new BIS rules while pushing ahead with strengthening their relationship banking functions. At the same time, the needs of public sector entities have become more diverse and sophisticated, as special public corporation and government FILP (Fiscal Investment and Loan Program) reforms progress. Against this background, we engage in the widest range of financial services on a continuous, multi-faceted basis, including M&As, syndicated loans and cash management services, as we systematically provide optimal solutions designed to contribute to higher corporate value for customers. To this end, we are working closely with other group companies by mobilizing all the product lines offered by the group, including banking, securities and trust services.

To strengthen our product marketing capabilities, in fiscal 2002 we undertook the reorganization of our Financial Products Unit and Asset Management & Transaction Banking Unit and greatly increased our human resources. In June 2004, we also realigned our head office business promotion organization, establishing an industry-specific framework in order that we can better respond to the unique and diversifying needs of customers in each industry. In this way, account officers in each business promotion division can be more attuned to their customer's sectoral trends than before.

By becoming a solutions bank and establishing a business model based on asset turnover, we aim to increase the ratio of non-interest income to 50% of gross profits.

## **Q. What is Mizuho Corporate Bank doing to strengthen its international business?**

Our international business is an essential element of our efforts to create a "Mizuho brand," and we have been working on strategic rebuilding of our business model to respond flexibly to changes in the management environment.

We believe one of our missions as Japan's leading financial group is to provide full-scale support for Japanese companies engaged in global business activities. We are strategically focusing management resources on Asia, which we see as the group's home ground, and because Japanese companies are highly active in developing their businesses there. Since the pace of our customers' business development in China has significantly increased, we have created a framework to support their business efforts there by utilizing one of the largest networks among Japanese banks, setting up business alliances with China's four major commercial banks, and concluding business cooperation agreements with regional governments and similar organizations.

As Japanese companies setting up operations in China have increased sales there, their need to avoid sales receivable collection risk has grown. In February this year, therefore, we were among the first foreign banks to win permission to engage in renminbi transactions with Chinese companies and became the first Japanese bank to start purchasing and factoring receivables held by customers against Chinese companies. Also, foreign institutions, if they receive local regulatory approval, are now allowed to enter the derivatives business in China. Mizuho Corporate Bank was among the first foreign banks to obtain this approval in June this year, and based on this approval, we will further strengthen our market-related business in China.

From the point of view of securing a stable profit base, international operations play a major role in maintaining portfolio distribution at certain

volumes by holding overseas exposures within a global asset allocation framework. In the U.S. and Europe, we are enhancing our portfolio management both in order to improve our profitability and strengthen our credit risk management. Meanwhile, for customers with whom we maintain good long-standing relationships, we have switched to a business model that calls for proactively offering more sophisticated products and places non-interest income at the core of our profits. In Europe, we hold a top-tier position along with U.S. and European banks in MBOs and other products and services, and are working to strengthen this position even further.

As a result of promoting efforts to reconstruct our business model, the profitability of our international operations has greatly improved, and we feel we are closer to realizing a robust and lean profit and management structure.

### **Q. What are you doing in the area of corporate revitalization?**

Since highly specialist know-how and skills are necessary for corporate revitalization, we brought these together by setting up our Corporate Restructuring Business Unit in October 2002 and are now endeavoring to support customer revitalization amidst efforts to promote operations requiring a high degree of difficulty. Starting last year, the group launched the “Corporate Revitalization Project,” transferring loans, stocks and other claims of customers in need of revitalization/restructuring to the financial subsidiaries specializing in corporate revitalization. We will complete the revitalization of our customers in need of revitalization/restructuring in a time frame of three years. As we took up these challenges, we reduced our NPL balance (claims disclosed under the Financial Reconstruction

Law) to ¥1,493.1 billion at the end of fiscal 2003, a decrease of over ¥800 billion, or approximately 35%, compared with the preceding year.

Based on our awareness that industrial and corporate revitalization will contribute to the revitalization and further development of the Japanese economy, we will continue to fully support the corporate revitalization of those customers who are in need of rehabilitation.



### **Q. Finally, could you tell us about your policies for the coming fiscal year?**

Designating last fiscal year as a year of achievement for Mizuho, the entire group worked in unison to enhance our comprehensive financial services capabilities and strengthen our profitability. Our endeavors to improve our financial health also paid off as we posted a significant recovery in earnings that exceeded our initial estimates.

We have designated this fiscal year as “A Year of Proving the True Value of Mizuho” and we are committed to strengthening our profitability by making this a year of significant progress and decisive action that will serve as the culmination of our management strategies to date.

Japan is now entering the stage where it can fortify the foundations for breaking out of the long-term deflation that has been affecting its economy. Our management and staff are working as one to achieve high profitability levels that will put us among the ranks of the top global banks. We look forward to the continuing support of our shareholders and customers in these endeavors.

**We have designated this fiscal year as “A Year of Proving the True Value of Mizuho” and we are committed to strengthening our profitability to make this a year of significant progress and decisive action.**



As we fundamentally review our cost structure and allocation of management resources, we are pushing ahead with business and management reforms with a view to establishing a solid position as a top bank in terms of customer satisfaction and profitability. Based on our strengths in providing information services backed by quality, volume and speed, we aim to realize a high-profit, high-efficiency business model that wins the solid trust and support of our customers.

Our senior executives and employees are working very hard to ensure that we become a bank that customers can look to for assistance in meeting their financial needs. We look forward to the continued support of our shareholders and customers.

July 2004

Seiji Sugiyama  
President & CEO, Mizuho Bank, Ltd.

**In order to become a bank that customers can look to for assistance, we aim to be proactive and accept challenges without fearing change.**

**Q. What sort of bank do you want Mizuho Bank to become?**

Last fiscal year, Mizuho Bank was able to make great strides both financially and in terms of business strategies.

Since becoming President & CEO in March this year, I have worked hand in hand with our senior executives and employees with a strong sense of determination that we must respond to the high expectations that our customers have for us.

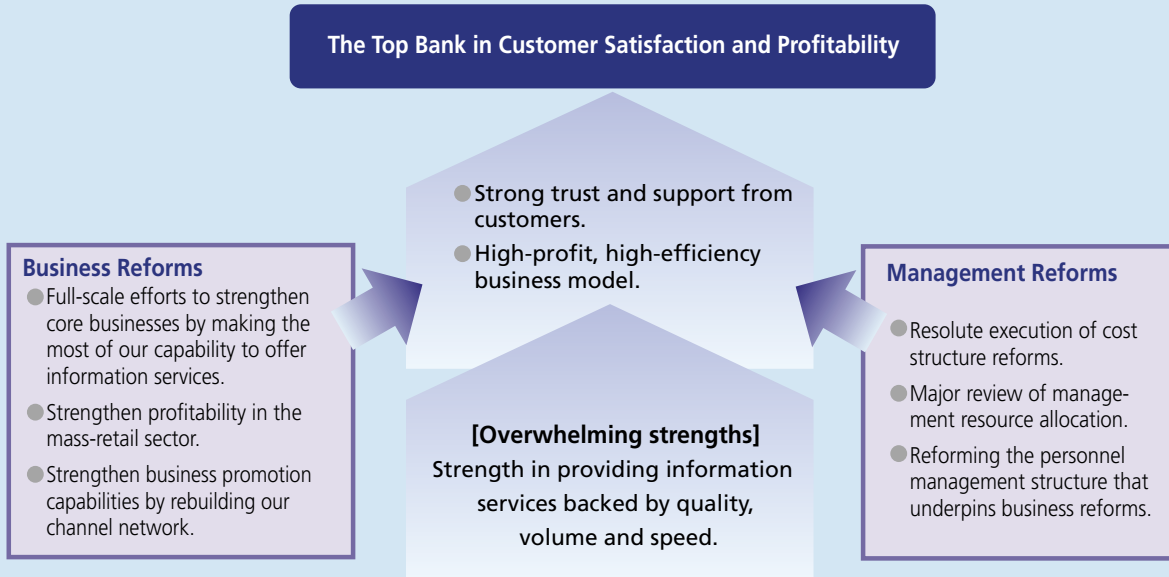
Looking at the business environment facing us, although we expect the economy to continue to recover, our mainstay customers—small and medium-sized enterprises (SMEs), and middle market corporations—still face severe conditions because the economic recovery has yet to really have an influence on their markets. Moreover, as deregulation leads to greater business opportunities, competition between banks is increasing and

profitability, along with financial health, is gaining in importance as a yardstick for evaluating management performance.

Based on this understanding of the business environment, we have set out to implement our strategic “Action CS” campaign, which is designed to make us a top bank in terms of customer satisfaction and profitability, and are pushing ahead with management reforms. Needless to say, we realize that nothing is more important than making every possible effort to obtain a deeper understanding of our customers' needs and satisfying them as speedily as possible. In order to become a bank that customers can look to for assistance in meeting their financial needs, everyone at Mizuho Bank aims to be proactive and accept challenges without fearing change.

I would like to add that we are planning for fuller systems integration and have made thoroughgoing preparations for the safe and smooth branch-by-

## The Strategic “Action CS” Campaign for Achieving Top Bank Status



branch integration of our systems starting in July 2004, with a view to completion by the end of the year.

### Q. What sort of strategy is “Action CS?”

“Action CS” is a bank-wide strategic campaign designed to achieve our management objective of becoming a top bank in terms of customer satisfaction and profitability.

“Action” describes our determination to act proactively, while “CS” not only denotes “Customer Satisfaction” but also stands for “Consulting & Solutions,” that is, our ability to provide individual customers with consulting services and corporate customers with solutions.

We have some 26 million personal accounts and approximately 90,000 borrowers among SMEs and middle market corporations. The needs of customers in both categories are becoming increasingly diverse and sophisticated. By providing carefully tailored solutions for these needs while strengthening group-wide cooperation, we will work to build an earnings structure that befits our enormous customer base. To do this, we will

resolutely pursue bold business and management reforms and use our overwhelming capability to provide information services to achieve a high-profit, high-efficiency business model that wins solid support from our customers.

For individual customers, we will strengthen our consulting services by boosting staff training and improving the information infrastructure with a view to promoting investment management products such as investment trusts, foreign currency deposits and personal pension insurance. We will also review our credit evaluation system and strengthen our housing loan centers to boost our housing loan business, which is one of the most important elements of our earnings structure in the individual customer sector. We will also launch our new Mizuho Mileage Club membership service.

Through these efforts, we will provide the best, most advantageous products and services to suit the changing lifestyles and financial needs of our customers. In addition to deepening and expanding our transactions with our customers, we will encourage more customers who disperse their transactions among several different financial

institutions to consolidate them with Mizuho as their main bank as part of a drive to greatly reinforce our earnings from the individual customer sector.

For corporate customers, we aim to secure a position as the top bank in providing solutions and lending, deploying additional personnel and other resources and radically strengthening our ability to provide solutions for all customers, ranging from small enterprises to middle market corporations that aspire to go public and public sector entities. We will also seek to fulfill one of our social missions by responding to a wider range of funding needs among SMEs, offering a stronger line-up of unsecured loan products while strengthening our risk-taking capacity and making the loan spread more appropriate.

While business reforms are one key factor in realizing a high-profit, high-efficiency business model, another is management reform. In addition to carrying out organizational reforms aimed at speeding up both customer services and in-house decision-making, we will implement drastic reforms of the cost structure in order to improve the expense ratio. We will boldly review the allocation of management resources, strengthening our branches specializing in individual customers and rebuilding our office network to make it more efficient. With regard to reforming the human resources management structure that underpins business reforms, we will push ahead with training staff, hiring specialists, and strengthening incentives in order to enhance the expertise of staff.

### **Q. What is Mizuho Bank's strategy for the individual customer market?**

The following three points are at the core of our strategy for the individual customer market under our "Action CS" campaign:

1. Be the leader in consulting services by responding to the asset management needs of customers.
2. Be number one in the housing loan market.

3. Maintain our solid status in the mass-retail market by launching the new Mizuho Mileage Club membership service.

More specifically, in addition to upgrading the competitiveness of our financial products to respond to a wider range of customer needs, we will train and deploy as many as 2,000 financial consultants who can respond to all kinds of consulting needs of customers by fiscal 2006, and also set up consulting counters. In cooperation with the group's securities company, its consultation booths have been installed in lobbies of 10 of our branches, and we plan to expand this number to 100 branches.

We are also working to speed up the screening process for housing loans, making it possible to notify the results of screenings for a majority of loan applications on the day of application. Moreover, we will proactively expand our network of housing loan centers to respond precisely and speedily to customers' housing loan needs.

Also, in the summer of 2004, we will launch our new Mizuho Mileage Club membership service. Not having to pay any annual membership fees, Mizuho Mileage Club members are entitled to use a cash card equipped with credit card functions through which they can accumulate points according to period and transaction content, and obtain benefits that include preferential interest rates and free after-hours usage of ATMs.

### **Q. What is Mizuho Bank's strategy for the corporate customer market?**

The following three points are at the core of our strategy for the corporate customer market under our "Action CS" campaign:

1. Be the top bank in providing solutions for SMEs and middle market corporations.
2. Be the number one bank in corporate lending.
3. Expand the network of Mizuho Business Financial Center.

More specifically, we will provide the best solutions for small enterprises, middle market corporations

and other corporations according to corporate size and stage of growth, while simultaneously building a structure that can fully respond to funding demand. In the corporate customer market, we have precisely responded to customers' needs as a bank specializing in transactions with SMEs and middle market corporations.

As a result, we are developing new business fields in this area through the accumulation of specialist know-how and expertise unique to Mizuho Bank. In the new business market in particular, our know-how is far superior to that of other banks, and we proactively provide financing to customers possessing core technologies with promising business potential, even if they are venture firms that have been founded only recently. Mizuho Business Financial Center offers accessible, speedy services to small enterprises.

Mizuho Bank brings together the group's comprehensive strengths to respond to the wide-ranging funding needs of domestic corporations, providing a variety of structured products and supporting bond and stock issues. We also offer the "Partner Series" of unsecured loan products in response to the needs of companies of all sizes.

Through our nationwide network, we offer local governments financial services that are carefully designed to satisfy their need for greater administrative efficiency, including PFIs and the *Pay-easy* payment service for the electronic collection of public charges.

### **Q. Please tell us more about your efforts to tackle corporate revitalization.**

Last year, the group launched the "Corporate Revitalization Project," transferring loans, stocks and

other claims of customers in need of revitalization/restructuring to the financial subsidiaries specializing in corporate revitalization. We will complete the revitalization of our customers in need of revitalization/restructuring in a time frame of three years.

In addition to the above initiative, in May 2003, we concluded a comprehensive operating agreement with the Resolution and Collection Corp. (RCC) with a view to supporting the revitalization of the businesses of SMEs and middle market corporations that were deemed capable of revival. In April 2004, we worked together with the RCC to develop a new restructuring scheme for real estate companies.

We are also contributing to the overall revitalization of the Japanese economy, playing a key role in the first domestic case of a company receiving the support we requested to the Industrial Revitalization Corporation of Japan, which was established at the government's initiative in April 2003.

In the area of training "turnaround managers," we have adopted a proactive approach to dispatching our staff to take part in courses for the development of turnaround personnel for industrial and financial revitalization held by the Ministry of Economy, Trade and Industry as part of its project for promoting the introduction of turnaround personnel training.



**We are responding to the diverse needs of our individual, SME and middle market corporate customers by providing comprehensive financial services through collaboration among group companies.**



### **Basic Strategy for the Securities Business**

In addition to pursuing integrated banking and securities operations based on customer segmentation, the group's three securities companies—Mizuho Securities (MHSC), Mizuho Investors Securities (MHIS) and Shinko Securities—make the most of their capabilities and advantages in order to ensure that the group can maximize its comprehensive strengths.

### **Integrated Banking and Securities Operations**

In the group's "Business Reorganization" implemented in March 2003, MHSC was made a subsidiary of Mizuho Corporate Bank (MHCN), and MHIS a subsidiary of Mizuho Bank (MHBK) with the aim of pursuing greater synergies by strengthening cooperation among group banks and securities companies in accordance with customer segmentation. This resulted in the creation of a framework for providing comprehensive solutions that make the most of the respective functions of the group's banks and securities companies.

More specifically, MHCN utilizes the investment banking function as well as the bond and equity-related capabilities of MHSC to provide a broad range of new and more specialized products for customers.

MHBK offers its customers MHIS's equity and bond-related functions and, by jointly developing branches with MHIS, gives customers the convenience of "one-stop shopping."

### **Strengths and Characteristics of the Group's Three Securities Companies**

#### **Mizuho Securities**

MHSC is a wholesale securities firm that offers high-quality, specialized solutions in response to the various needs of domestic and international institutional investors, corporations, financial institutions and public sector entities.

It occupies a top position among the major securities companies in the area of bond underwriting, and boasts a strong presence in bond sales as well. In the equity-related business, it offers a full range of services and has secured for itself a position among the top five brokers for domestic institutional investors.

In terms of deals and transaction amounts, it has a top-level presence in the area of M&A and other financial advisory services for Japanese customers. It also has a track record in structured finance that puts it among the market leaders in Japan.

MHSC also aims to satisfy the diversified needs of customers who are active at home and abroad by offering seamless domestic and overseas business services through its network of overseas securities subsidiaries.

#### **Mizuho Investors Securities**

MHIS offers various securities-related solutions in response to the asset management and funding needs of group customers, particularly individuals, SMEs and middle market corporations. In addition to offering securities-related products in response to the varied asset investment needs of individual customers, it proactively engages in the bond and equity underwriting business in connection with the fund procurement by SMEs and middle market corporations, and consulting business in connection with their capital structure planning.

#### **Shinko Securities**

Offering a full range of securities services based on a vast middle market/retail customer base and a nationwide network, Shinko Securities conducts transactions with customers within and beyond the group. Shinko Securities and MHSC, focusing on equity underwriting operations, are collaborating in a wide range of businesses including product development as well as joint marketing that exploits the advantages of the two companies.

These securities companies make the most of their strengths and characteristics, and exert synergies to develop a group presence that matches other major securities companies.

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

The group recognizes the trust business as a growth sector and is working to deliver the best solutions to customers through Mizuho Trust & Banking (MHTB), which offers a full range of trust services, and Trust & Custody Services Bank (TCSB), which offers high-level custody services. MHTB quickly and accurately responds to today's increasingly diverse and sophisticated needs of customers, and offers various products to customers of MHCB and MHBK through the franchise system, joint branches, and joint seminars.

### **Mizuho Trust & Banking**

In order to satisfy the asset management and investment needs of individual customers, MHTB offers various trust products and services through MHBK, a trust franchisee.

MHTB also frequently holds seminars in cooperation with other group companies. MHTB responds to the asset management and investment needs of a wide range of individual customers by introducing and proposing testamentary trusts and real estate for investment.

For corporate customers, MHTB cooperates with MHCB and MHBK in offering optimal solutions in such areas as real estate, securitization, pensions, stock transfer agency business and asset management. In particular, through its sophisticated consulting services, MHTB supports customers in formulating effective business strategies to deal with management issues arising from changes in accounting and legal systems. These issues include the introduction of impairment accounting, the return to the Japanese government of the subrogated portion of the Employees' Pension Fund, and revisions to the Commercial Code. MHTB also responds to customers' diversifying needs by proactively developing new products and services.

### **Trust & Custody Services Bank**

Based on its advanced business management structure, TCSB uses the cutting-edge asset administration infrastructure it has created through proactive IT investment to provide financial institutions, institutional investors and other customers, as well as group companies, with high-quality, high-value-added trust and custody services and outsourcing models for comprehensive asset administration services. TCSB also responds to customers' high-level custody requirements through its "account-keeping institution business" developed in response to the Securities Settlement Systems and Infrastructure Reform in Japan.

## ***Basic Strategy for the Asset Management Business***

In the investment trust and pension markets, we aim to become one of the world's leading players in terms of both quality and assets under management.

Our asset management companies, Dai-Ichi Kangyo Asset Management, Fuji Investment Management and DLIBJ Asset Management, all make the most of their individual specialties in offering high-quality products and services to both group and non-group customers.

In the distribution of investment trusts, we offer a widely varied line-up of products designed to meet the increasing complex and sophisticated needs of customers.

In the Japanese defined contribution pension business, we are channeling our total resources into providing solutions for corporate management issues by supporting the formation of assets for individuals to enjoy in their retirement.