

Mizuho Corporate Bank, Ltd.

Aiming to Become “One World-Class Company”



Combining Commercial and Investment Banking, and Expanding it Globally

Since commencing operations over four years ago, we have worked successfully to materially resolve our non-performing loan (NPL) issues and strengthen our financial position. We have also worked consistently to develop our business model, promoting our “originate to distribute” business model based on asset turnover and strengthening our capabilities in investment banking. During the current fiscal year as well, we aim to be the bank that is “constantly evolving,” responding swiftly and nimbly to changes in the business environment, and to implement our business model globally.

A New Kind of Bank Needed in Wholesale Finance

In wholesale finance, Japanese banks have traditionally operated under a business model involving raising funds from deposits and lending to corporations. However, after experiencing the collapse of the bubble economy and the onset of deflationary conditions, the Japanese economy and its industries have undergone major structural transformation. Today, Japanese industries have embraced the IT revolution, become global, and learned lessons from being burdened with NPLs. Also, the requirements of clients for financial

services have become more sophisticated and diverse. This means that the roles we as financial institutions must play are also undergoing major change.

In view of these various developments, we believe that one of the most important roles that banks must play is to serve the function of powerful risk intermediaries. In other words, banks must in effect perform the role of risk processing plants. They must take the credit risk inherent in the businesses and projects that clients undertake, break this risk down and process or transform it using sophisticated financial technologies, then allocate this risk across a broad range of investors. By strengthening our capabilities for performing these functions, it will be possible to offer fund-raising services for businesses that would have been difficult for traditional banking institutions to undertake previously, and, ultimately, these enhanced risk-processing capabilities may contribute to new economic growth.

Moreover, there is a strong need for banks to evolve toward a business model that is based on their ability to offer various financial and business solutions to their clients. We believe that for us to be a bank that clients come to proactively for services, or in other words, for us to be the bank that clients call first to draw on our capabilities in finance, we must have an in-depth understanding of economic and industry trends, as well as cutting-edge financial technology, plus the ability to offer sophisticated solutions that respond to the broad range of management needs and financial requirements of our clients.

Our Investment Bank Declaration: We Will Combine Commercial and Investment Banking

Building on this understanding of the business environment, our fundamental strategy is to establish a “Global Corporate Banking Group” whose business model is constantly evolving. The core element of this strategy lies in the significance of the two words, “Corporate Banking,” which requires the combination of commercial banking and investment banking.

Leveraging our relationships with clients developed through our strong commercial banking base, we offer

our clients advanced solutions and products that contribute to enhancing their corporate value. These include syndicated loans, M&A deals, leveraged finance, project finance, cash management, and many other services. Moreover, as the "Group" in "Global Corporate Banking Group" suggests, Mizuho has a full range of services, including securities and trust services, that enable us to offer a seamless package of financial services.

In parallel with our drive to strengthen our capabilities in investment banking, we are also working proactively to enhance the sophistication of our portfolio management. By working to maximize the value of our portfolio through the dispersal of risk and proactive control of credit risk, we are improving our capabilities for strategic risk-taking. Through these initiatives, we are committed to substantially strengthening the risk intermediary functions that banks should have as the shift to market-oriented indirect financing becomes more pronounced.

We announced our "Investment Bank Declaration" as our motto in fall 2005 to express our commitment to establishing the business model I have just described.

Our Global Declaration: We Will Substantially Enhance Our Global Presence

We are also aiming to apply this business model at the global level. Markets in virtually all industries are expanding, propelled by the growth in worldwide demand. Moreover, industrial realignments are under way at the global level in many industries, and companies are making major capital investments outside their home markets. We are working to substantially improve our capabilities for offering solutions worldwide for our clients who are expanding their activities around the world.

To promote the globalization of our activities, we implemented major reforms in our organization and structure on March 31, 2006. Previously, Japanese banks conducted operations within the general framework of "domestic business promotion" and "overseas business promotion." Now, with the objective of creating an organization appropriate for us, as a bank conducting business activities transcending

national boundaries, we eliminated the distinction between "domestic" and "overseas." Under the new organization, divisions performing specialized functions conduct both domestic and international operations in a seamless framework. Further, to continue to bolster our global network, we opened branches in New Delhi in May 2006 and in Wuxi, China, in June 2006.

We plan to significantly accelerate these initiatives, with the goal of establishing our next business model, which can be summarized via our intention to "structure a true investment bank on our strong commercial banking foundations, then expand it globally." Our Global Declaration means we are aiming to become "one world-class company."

I would like to report that in July 2006 we have fully repaid the public funds provided to us. We sincerely appreciate your understanding and continued support over the years.

We have positioned the current year as a time for beginning and accelerating full-scale programs that will put us on course toward becoming a top global banking institution. We are working to ensure that all the senior executives and staff share this objective, promote our evolving business model, and commit themselves to realizing the high levels of competitiveness and profitability as well as enhanced sophistication of management expertise that will enable us to take our place among the top global banks. As we move toward these objectives, we look forward to your continued support.

July 2006



Hiroshi Saito
President & CEO
Mizuho Corporate Bank, Ltd.

Mizuho Bank, Ltd.

Our Goal is to Have Our Customers Say "I Want to Deal with Mizuho"



A Year for Taking the Next Steps in Cementing Long-Term Relationships with Our Customers

The Year in Perspective: Shifting Fully to the Offensive

As the core bank of the Global Retail Group, under Mizuho's "Channel to Discovery" Plan, which was announced in April 2005, Mizuho Bank positioned fiscal 2005 as a year for making major leaps forward in growth to reach the medium-term goal of becoming the best bank in Japan's middle and retail markets in terms of both customer satisfaction and profitability.

About 26 million individual customers have accounts with us, and approximately 100,000 small and medium-sized enterprises (SMEs) and middle-market corporations have borrowings from us. The financial needs of both individuals and companies are becoming increasingly diverse and sophisticated. We intend to respond to these needs with carefully tailored, speedy services based on improved cooperation among Mizuho group companies and, therefore, have shifted from a strategy of preparing the foundations for growth to a proactive offensive to promote our business and management reforms.

● Business Reforms

The three principal pillars of our business reforms are strengthening our core businesses, enhancing

profitability in the mass-retail sector and rebuilding our channel network.

To strengthen our core businesses, in individual customer transactions, we are focusing on developing a consulting structure that will allow us to provide appropriate advice for customers who purchase investment products. We are also responding broadly to customers' loan needs by expanding our Housing Loan Business Promotion Centers and entering a tie-up with consumer loan company Orient Corporation.

In corporate banking, we are stepping up our activities to respond broadly to the financing needs of SMEs and middle-market corporations, including the promotion of new transactions to meet the broad range of financing needs in these segments. We are also actively offering business solutions, including planning and assistance for passing family businesses to the next generation, M&A advisory services, and helping our corporate customers to find new opportunities through our "business matching" services.

In the mass-retail area, we are planning to continue to enhance the attractiveness of our Mizuho Mileage Club membership services, including offering reduced fees on certain services, and to expand Club-related services that are even more closely in tune with the daily lives of our customers. As a result of these activities, the number of members has exceeded 1.9 million. Also, in March 2006, we entered tie-ups in the mobile phone credit card settlement business with NTT DoCoMo and UC Card. We also began to offer services for the Mizuho Suica Card, which we issue under a tie-up with East Japan Railway Company, and which combines the features of an IC ATM card, a credit card, railway tickets, and e-money.

Moreover, to provide security for our customers, we are strongly encouraging customers to upgrade to IC ATM cards, which offer enhanced security in transactions. In this connection, in February 2006, the Depositor Protection Law went into effect in Japan, but, prior to this, in November 2005, we began to compensate customers for their losses due to the falsification or theft of their ATM cards.

To rebuild our channel network, we are creating a new channel and branch structure that will allow us to

provide tailor-made services to meet customer needs. In addition, we opened a new type of office in March 2006 in the Roppongi Hills business, commercial, and residential district of Tokyo dedicated to offering services to individual customers, and our plans call for opening about 100 such offices throughout Japan going forward.

Among other activities, together with Orient Corporation, in December 2005 we created a finance scheme for supporting SMEs and middle-market corporations that proactively promote environmental initiatives. Under this system, as part of our corporate social responsibility (CSR) activities, working together with Orient Corporation, we provide financing at substantially reduced interest rates for corporate customers who are working to make their activities and products more environment-friendly.

● Management Reform

The three main pillars of our management reforms are realigning our cost structure, reviewing the allocation of our management resources, and making reforms in our human resources management structure.

In cost reform, the positive effects of our computer system integration, which was completed in fiscal 2004, are becoming apparent, and we are continuing to conduct thorough reviews of all our operations, while steadily moving forward with cost reductions. Going forward, while making further efforts to reduce costs, in line with our strategy of improving customer services, we are allocating management resources aggressively to develop services for our customers and make improvements in our cost ratios.

Our reforms in human resources include strengthening our training regime and assigning personnel to positions that are best suited to their abilities. In addition, we are actively recruiting experienced professionals. For example, we are training an increasing number of financial consultants (FCs) who can give advice in response to all kinds of customer consulting needs. As a result, the number of our FCs reached 2,000 in fiscal 2005. In corporate activities, we have increased the staff of the Mizuho Business Finance Center, which specializes in lending to small-scale businesses, to approximately 600 to offer supportive and responsive services.

Working to Build Long-Term Relationships of Trust with Our Customers

We regret that in January 2006, one of our former employees was arrested for alleged improper conduct in misappropriating deposits of our customers. In February 2006, another employee, who held the position of section chief in one of our branches, was also arrested on suspicion of leaking personal information of customers outside the Bank. We regard these incidents with greatest seriousness and wish to express our deepest apologies again, first to our customers and more broadly to the general public.

Since these incidents were discovered, we have worked to substantially expand and strengthen our internal control systems and implement bank-wide initiatives to prevent the recurrence of such unethical conduct, including efforts to nurture a corporate culture that reinforces compliance and internal controls.

During the current fiscal year, we are working to achieve maximum results from the business reforms we are implementing and setting our management course to focus on thinking first and foremost on building long-term relationships of trust with our customers. In addition, we are endeavoring to make further major improvements in services, ensure full compliance with laws and regulations, and implement a more-proactive program of CSR activities.

I would like to report that in July 2006 we have fully repaid the public funds provided to us. We sincerely appreciate your understanding and continued support for many years.

The senior executives and staff of the Mizuho Bank are committed to working together as one to devote their fullest efforts to offer services that are convenient and provide security to our customers. Our goal is to hear our customers say, and really mean, "I want to deal with Mizuho."

As we work toward our strategic objectives, we look forward to your continuing support.

July 2006



Seiji Sugiyama
President & CEO
Mizuho Bank, Ltd.

Securities, Trust and Asset Management Business Strategies

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

With the aim of pursuing greater synergies by strengthening cooperation between group banks and securities companies, MHSC, which plays a part in the Global Corporate Group, was positioned under the umbrella of MHCN, and MHIS was positioned under the umbrella of MHBK in the Global Retail Group, 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 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 and services for customers. MHBK offers its customers MHIS's bond and equity-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 company that offers high-quality, specialized solutions in response to the wide-ranging 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 raised its market standing to a position close to that of the major securities companies.

It has already established a top-level presence in the area of M&A and other financial advisory services for Japanese customers, and 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 is working to proactively strengthen cooperation among group companies through establishing a network of 100 joint branches with MHBK and promoting a securities sales agency business with MHBK, starting a trust business with MHTB as an agent, as well as an IPO business with group companies. With this as its operational base, MHIS responds to customers' asset investment needs by offering various securities-related solutions, and to their funding needs by offering stock and bond underwriting services and consulting business in connection with their capital structure planning. In this way, it aims to become the customer's first choice as the most trusted securities company by providing carefully-tailored, high-quality products and securities services in a speedy manner.

Shinko Securities

Shinko Securities is a comprehensive securities company with a nationwide network that offers a full range of services from underwriting to brokerage. Through dynamic and efficient cooperation with group companies, it uses its full-line functions to provide middle market/retail customers with a wide selection of financial products and services. In May 2006, Shinko Securities, in conjunction with MHBK, started to handle wrap accounts through its securities sales agent, a first in Japan.

The three group securities companies aim to make the most of their strengths and characteristics, and maximize synergies to develop a group presence that matches that of other major securities companies.

Basic Strategy for the Trust Business

We recognize that the trust business is a growth sector and are working to deliver the best solutions to customers through MHTB, which offers a full range of trust services, and Trust & Custody Services Bank (TCSB), which offers high-level custody services in its role within the Global Asset & Wealth Management Group. MHTB quickly and accurately responds to the increasingly diversified and sophisticated needs of today's customers by offering various products and services together with group companies through the agent system and with external entities through business tie-ups, and also by holding joint seminars.

Mizuho Trust & Banking

MHTB aims to become the most trusted trust bank by accurately meeting the diversified needs of customers through original products and services that draw on the high level of expertise and rich know-how it has built up over many years.

MHTB responds to the asset management and investment needs of a wide range of individual customers by offering consulting services in connection with assets in general, including financial assets and real estate. It also offers asset investment products such as "Always" and "Chochiku no Tatsujin," which are money trusts based on securitized automobile loan assets, and asset management products such as "Asset Management Trusts" for centralized management of financial assets.

In the area of testamentary trusts, MHTB's experienced professionals have earned an excellent reputation for their carefully-tailored services. MHTB is offering services to an even larger number of customers through its network of agents at MHBK, and has one of the highest balances of such trusts in the sector. For corporate customers, MHTB cooperates with group companies in offering optimal solutions in such areas as real estate, securitization, pensions, the 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 systems and revisions to the Company Law.

MHTB will continue to identify customers' needs and to satisfy them by proactively developing new products and services, and creating new trust business.

Trust & Custody Services Bank

Based on its advanced systems infrastructure and highly transparent internal control systems, TCSB provides financial institutions, institutional investors and other customers with high-quality, high value-added trust and custody services, and outsourcing for comprehensive asset administration services. TCSB also responds to customers' high-level custody requirements through participation in the "account-management institution business" developed in response to securities settlement systems and infrastructure reform in Japan, and through the provision of securities lending services.

Basic Strategy for the Asset Management Business

In the investment trust and pensions markets, we aim to become one of the world's leading players in terms of both quality of services 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, they offer a widely varied line-up of products designed to meet the increasingly 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.