

## Aiming to Be a Top Corporate Finance Provider



### *Building a Leading Presence as a Financial Institution in Asia*

The world economy has already bottomed out and is said to be basically on a gradual recovery trend, but in Europe and other areas, concerns remain. In Asia, the export environment is favorable, as China continues to report rapid economic growth, and, as a result, Asia is viewed as likely to be the driving force for the world economy for the time being, although there are concerns about inflation and the possible tightening of monetary policies. Since demand in Japan has peaked, our domestic customers are implementing corporate strategies looking to the next generation of products and services. These strategies include implementing structural reforms and business realignments, making investments for growth in overseas markets, as well as developing new technologies and industries. Customers are also steadily addressing their management issues, which include the consideration of financial strategies in response to international accounting standards that are now under review. And in the midst of these developments, we are aware that expectations regarding the roles of financial institutions have grown and are very high.

At Mizuho Corporate Bank, we have structured our business promotion divisions and Industry Research Division along industry lines, and industry experts from

those divisions are taking initiatives to search out hints for new growth strategies on behalf of our customers from the broad perspective of the future development and shape of their industries. To meet increasingly sophisticated and diverse customer requirements for developing business strategies, global corporate strategies, financial strategies, capital management, and other business issues, we are drawing fully on the financial technology of our group, including our capabilities in banking, securities, and trust business, to become “a top corporate finance provider” with the objective of offering optimal financial solutions globally and seamlessly.

To address the issues related to the facilitation of corporate finance, we have renewed our awareness of the roles of financial institutions in fulfilling our social responsibilities and conducting our public mission in a manner that contributes to the development of our customers and, ultimately, the development of economies and societies. Accordingly, we are working to enhance our corporate framework and systems to draw on our strengths, which include knowledge and perspective on industries and capabilities for providing products and solutions, and play an active role in offering financial intermediary and consulting services.

### **The Fiscal Year in Review**

Collaborating with our group companies, we have been working to offer our customers in Japan and overseas financial solutions that meet their needs. At the core of these initiatives, we have been strengthening and combining our commercial banking and traditional investment banking operations, including M&A advisory services and underwriting of bonds and equities.

In May 2009, we merged Mizuho Securities, which is strong in the wholesale market, and Shinko Securities, which has strengths in the middle and retail markets, to form a full-line securities company within the group. Also, along with the implementation of revisions in Japan's Financial Instruments and Exchange Law, which included changes in firewall restrictions separating banking and securities activities, in July

2009, we introduced a system that allows relationship managers in certain business promotion divisions to hold posts concurrently in Mizuho Corporate Bank and Mizuho Securities. With the introduction of this system, those relationship managers holding posts concurrently can respond comprehensively to customers' banking and securities needs, and thus are positioned to deliver financial solutions more smoothly and conveniently to our customers.

In our international operations, we worked to steadily strengthen our earnings base by implementing a global strategy. To further expand our overseas network, in November 2009, we established a securities subsidiary in Saudi Arabia, Mizuho Saudi Arabia, together with Mizuho Securities. Mizuho Corporate Bank (China), MHCBC's subsidiary in China, received approval to commence preparations for the establishment of a branch in Suzhou, and in Malaysia, our application for a commercial banking license was approved. Also, we moved ahead with the conclusion of strategic alliances with leading local partners in regions that are difficult to cover with the group's network. These alliances included tie-ups with a government financial institution in Russia and with one of the largest financial groups in Brazil. We also signed business collaboration agreements with government financial institutions in various countries with the aim of strengthening our capabilities to support the expansion of our customers' business operations into overseas markets.

Major accomplishments of the group included placing number one in the fiscal 2009 domestic syndicated loan bookrunner ranking and number three in the world in the 2009 syndicated loan bookrunner ranking. Other distinctions included winning the number one position in the 2009 M&A advisory ranking in terms of the number of transactions. Looking ahead, we hope to continue to offer optimal solutions to our customers.

### Turning to Fiscal 2010

During the current fiscal year, under the Mizuho's Transformation Program, we will be implementing

thoroughgoing measures to strengthen our fundamental profitability and to establish management systems to enhance our resilience to changes in the operating environment. To strengthen our fundamental profitability, we will focus on key areas—Asia, sales and trading, transactions business, and asset management business—and concentrate resources in these businesses.

In Asia, a large number of major investment projects, including infrastructure development, are anticipated, and the markets in this region have a high growth potential, making it an important area not only for our Japanese customers but also for European and US customers. We are making maximum use of our customer base and global network, which consists of 69 overseas offices in 30 countries and regions outside of Japan, and as each of our offices focuses on the Asian market, we will seek to capture global business and further promote our initiatives to “build a leading presence as a financial institution in Asia.” At present, we have 32 offices in Asia outside of Japan, and we are embarking on a new drive to shift personnel in the fields of relationship management, industry research, products, markets, and head-office functions to Asia in order to strengthen our capabilities in our solutions business. In the sales and trading business, we are working to draw on our cumulative know-how in foreign exchange and derivatives to enhance our customer flow business and trading functions in Japan and the rest of Asia. Along with this, in our transactions business, we are striving to strengthen our capabilities for capturing business related to trade and funds flows on a global basis. Especially in Asia, we are responding to funding demand related to trade and infrastructure investments and providing optimal fundraising methods, working in collaboration with the export credit organizations of various countries. In the asset management business, we are working with other group companies to strengthen our systems to meet the asset management needs of corporate pension and public corporation customers.

We are also implementing initiatives to strengthen our management systems. These include measures to enable us to exert our strengths as a financial intermediary; create new portfolio management frameworks

to deal with economic cycles, shifts in the market environment, and regulatory changes going forward; implement preemptive measures to restrain credit costs; and carry out reviews and reforms of our personnel management and business processes that are appropriate for our future growth strategies.

Mizuho Corporate Bank, while taking account of the competitive environment in the global economy, will reaffirm our awareness of our reason for being: our mission in society of “providing financial support to Japanese industry and industry around the world.” Our aim is to be a bank that wins the trust and strong support of our customers and markets in Japan and around the world by offering high-quality, sophisticated, and diverse financial solutions. As we work toward our objectives, we look forward to your continuing understanding and support.

July 2010



Yasuhiro Sato  
President & CEO  
Mizuho Corporate Bank, Ltd.



*Putting the Customer First  
—Aiming to Become the Most-Trusted  
Financial Institution*

## The Year in Review

During fiscal 2009, ended March 31, 2010, based on the spirit of “putting the customer first,” we returned to the basics of commercial banking and undertook initiatives to enhance customer satisfaction among individuals as well as small and medium-sized enterprises (SMEs) and middle-market corporations and their owners.

### ● Services for Individual Customers

While working to enhance convenience for individual customers, we took various initiatives to respond to a diverse range of customer needs.

We fully reviewed the services offered under the Mizuho Mileage Club membership program, and the number of members rose to 7.5 million. In addition, we increased the number of Mizuho Personal Squares, which are branches with a greater focus on the needs of individual customers, to 156. Similarly, we expanded the number of Planet Booths, which are joint branches with Mizuho Investors Securities, to 153. With the objective of enabling customers to access our group's comprehensive range of financial services conveniently from single locations, we began to open joint branches by locating Mizuho Trust & Banking's Trust Lounges as well as Planet Booths in the same buildings as our

branches. Also, we began to offer docomo Keitai Soukin™, a mobile remittance service that enables customers to make monetary transfers using their mobile phones. We also expanded the functions and services available through the Mizuho Direct remote channel, and the number of customers contracting for this channel exceeded 8.4 million.

Besides these service offerings, among our loan products for individuals, we also began to handle our simplified Housing Loan Refinance Preliminary review application service that enables customers to make requests for prescreening for refinancing their loans easily via the Internet.

### ● Services for Corporate Customers

For our corporate customers, to respond to customers' loan demand more smoothly than in the past, we have strengthened our capabilities for responding to fund-raising needs. In addition to our initiatives taken in view of the intent of Japan's Emergency Credit Guarantee Scheme, we are making available asset-based loans, real-estate backed loans, and other various finance schemes. Along with these, we have established a specialized subsidiary to offer products and services that make use of a new fund-raising measure based on electronically recorded monetary claims. Subject to approval by the regulatory authorities, this new subsidiary is scheduled to begin operations in the first half of fiscal 2010.

Moreover, to offer solutions to management issues confronting our customers, we held the Mizuho Business Matching Forum (Environmental Version). We have been taking other initiatives to provide services in collaboration with other group companies, including provision of support for customers' overseas business development by drawing on our group's network in Asia, which is one of the largest among the Japanese banks. Similarly, we introduced the structure allowing certain personnel of Mizuho Bank and Mizuho Investors Securities to hold posts concurrently in both institutions; thus, we have strengthened our capabilities for providing support for IPOs.

Also, in conjunction with efforts to promote Japan's Clean Development Mechanism (CDM), we have been developing the Mizuho Eco-cycle for business aimed at

large corporations, SMEs and middle-market corporations, and individuals. For customers who are proactively addressing environmental issues, we have been offering a range of loan products and providing active support for environmentally conscious management.

#### ● Initiatives to Facilitate Financing

In view of the intent of Japan's "Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. (Financing Facilitation Act for SMEs)," which went into effect in 2009, we have created the necessary framework and systems to provide a smooth supply of financing to individual and corporate customers. We have also implemented various other related measures, including changes in loan terms and conditions.

During the current fiscal year also, we are taking lending risks appropriately and actively after implementing proper risk management measures. While remaining constantly aware of the social responsibilities of financial institutions and the importance of our public mission, we are making efforts to facilitate corporate financing.

In individual customer business, we are responding sincerely in dealing with customers' requests regarding the repayment of housing and other loans. For our corporate customers, we are holding various kinds of seminars and taking other initiatives to assist them in finding solutions to their management issues. Along with these activities, we are offering support through our specialist division to provide various solutions to customers, including advice on management matters and guidance for making improvements, business inheritance services, and business revitalization services.

#### Looking Ahead to Fiscal 2010

Mizuho Bank continues in the spirit of "putting the customer first" and sustaining the basic policy of "returning to the basics of commercial banking and achieving further development." To provide services that are truly useful to our customers, we will implement our "innovation in marketing" initiatives.

In the individual customer segment, we are working to enhance the consulting capabilities of our financial consultants through the sharing and transmission of

know-how related to marketing for individual customers, expanding our training systems, and other means. Drawing on these capabilities, we offer services ranging from housing loans and advice on asset management to testamentary trusts and other services that accurately meet the needs of customers at various stages over the course of their lifetimes.

In addition, we are working to increase customer convenience and improve customer satisfaction through expanding our Mizuho Direct remote channel services delivered via the Internet, mobile terminals, and other means, opening new joint offices to provide banking, trust banking, and securities services from single locations, and conducting other measures. Furthermore, we will make Orient Corporation, one of the leading consumer credit companies, our affiliate and strengthen our operating ties with that company, with the objective of offering services to a broader range of customers.

In the corporate customer segment, we are expanding our functions to offer support for customers in dealing with the marketing issues they confront, as we continue to actively provide a smooth supply of funds and optimal solutions.

At the same time, fully drawing on the comprehensive financial capabilities of the group, we are offering a broad spectrum of solutions, including business inheritance, M&A and business matching to support customers' business strategies as well as structured finance, syndicated loans, and other finance proposals. In addition, we are providing advisory services on customers' overseas business expansion. We are also expanding our comprehensive consulting systems and enhancing our capabilities for accurately meeting the needs of corporations and corporate owners.

At Mizuho Bank, we are promoting CSR activities and began to offer Heartful Loans in May this year to provide support to corporate customers who are actively engaged in promoting the employment of senior citizens and persons with disabilities. Along with these activities, we are promoting barrier-free initiatives in our branches to enable anyone to use their facilities and services easily, regardless of age, gender, or disability.

In addition, to enable customers to conduct their banking transactions in safety, we are strengthening our initiatives to ensure the observance of high compliance standards and fully protect our customers as well as prevent financial crime.

The operating environment for financial institutions remains challenging. However, as the activities under Mizuho's Transformation Program show, we are "putting the customer first" and responding quickly and accurately to the new management environment. To become the most-trusted financial institution, we are continuing to evolve and to develop together with our customers.

The management and staff of the Mizuho Bank are devoting our fullest efforts and working as one to attain our objective of achieving customer satisfaction. We, therefore, look forward to your continuing understanding and support.

July 2010

A handwritten signature in black ink that reads "Satoru Nishibori". The signature is written in a cursive, flowing style.

Satoru Nishibori  
President & CEO  
Mizuho Bank, Ltd.

### Basic Strategy for the Securities Business

To pursue synergies by strengthening ties between the group's banks and securities companies, Mizuho is creating an organization that utilizes and integrates its banking and securities functions to provide customers with comprehensive solutions based on customer segmentations. To this end, Mizuho Securities (MHSC) handles securities business for the Global Corporate Group, and Mizuho Investors Securities (MHIS) handles securities business for the Global Retail Group.

Mizuho is aiming to maximize collective group capabilities by reinforcing mutual collaboration between the global groups so that the individual group securities companies can make the most of their strengths and characteristics in better satisfying customers' varied needs.

#### Mizuho Securities

MHSC is working closely with Mizuho Corporate Bank (MHCB) and other group companies to fulfill its aspiration of becoming "the most reliable investment bank with global reach."

MHSC provides customers with all-round support through its investment banking business, proposing management strategies and procuring funding. It has already secured a position as a market leader in the bond underwriting business and structured finance. It has also occupied a top position in M&A and other financial advisory services. These constitute its main businesses, along with providing solutions through underwriting equities, support for IPOs, IR consulting, and financial and capital management advisory services. In some business promotion sections, MHSC introduced a "double-hat" structure allowing its staff to hold posts concurrently in MHCB. This not only allows them to offer sophisticated banking and securities solutions to corporate customers by further strengthening and deepening collaboration, but also to focus our group's financial functions on efforts to provide customers with the best possible financial services for their needs.

In providing and selling products, its principal operations cover sales and trading of bonds and equities, research and funds (investment trusts). It

provides timely, high-quality information and offers high-value-added products and solutions to meet the varied investment needs of a wide range of customers at home and overseas.

It is also making efforts to utilize its network of overseas subsidiaries for the integrated development of domestic and overseas business.

#### Mizuho Investors Securities

In addition to building a powerful cooperative network with Mizuho Bank (MHBK), MHIS is working closely with other group companies to achieve its goal of becoming "the securities company that customers trust most to be close to them."

To expand its cooperative channels with MHBK, it is deploying joint branches known as Planet Booth. Among other things, it is also proactively strengthening ties with the group through a financial instruments intermediary service with MHBK and trust agent business with MHTB. In some capital markets sections, MHIS introduced a "double-hat" structure allowing its staff to hold posts concurrently in MHBK. This allows them to strengthen and deepen collaboration as they focus the group's financial functions on efforts to provide a wide variety of financial services to corporate customers with IPO needs.

With this as its business promotion base, MHIS responds to customers' asset management needs through various securities-related solutions, to their funding needs through equity and bond underwriting services, and to their capital management needs through consulting services, thus providing carefully tailored, high-quality products and securities services in a speedy manner.

## Basic Strategy for the Trust Business

Mizuho Trust & Banking (MHTB) offers a wide range of trust services as the core of the Global Asset and Wealth Management Group, and the Trust & Custody Services Bank (TCSB) offers high-quality, high-value-added custody services. Through these two companies, the group is working to make the most of its trust functions to deliver optimal solutions to customers of the entire group, whether they belong to the Global Corporate Group or the Global Retail Group.

By positioning the creation of stronger ties with group companies as a basic strategy, MHTB and TCSB will offer new products and services in a timely manner to respond to customers' diversified and increasingly sophisticated needs quickly and accurately.

### Mizuho Trust & Banking

MHTB gives top priority to speedily and accurately offering solutions in the form of original products and services that make full use of the highly specialized consulting expertise and the rich know-how it has accumulated over many years. By satisfying customers in this way, it aims to become “the top brand in asset and wealth management.”

For individual customers, it offers various services pertaining to wealth management, from consulting in connection with overall asset management and investment to services relating to asset transfers—especially inheritance and wills—loan products, deposits and investment trusts, and asset management products that utilize its trust functions.

MHTB offers its corporate customers a wide range of services and optimal solutions pertaining to asset management. These cover brokerage, securitization, and other aspects of the real estate business; structured products business offering new services in the area of asset securitization using trust schemes; pension and other asset management business; pension business ranging from pension trusts and consulting to actuarial and management services; asset administration business such as custody of investment trusts; and stock strategy business providing advisory services in connection with stock transfer agency operations and administrative matters affecting stocks. Other solutions

include deposits and loans.

MHTB is promoting stronger earnings and a major expansion in its customer base by offering trust products and services to all customers of Mizuho. By concentrating on its core competences, it is also channeling management resources into unique areas where it can demonstrate its strengths in the trust business, thereby endeavoring to enhance its specializations and profitability.

### Trust & Custody Services Bank

Based on its advanced operations and IT infrastructure, its rigorous internal control structure, and its customer-oriented philosophy, TCSB provides a wide range of products, from trust to custody services, and quickly satisfies the increasingly varied needs of financial institutions, institutional investors and other customers as a trust bank specializing in asset administration.

## Basic Strategy for the Asset Management Business

In the investment trust and pensions markets, the group aims to become one of the world's leading players in terms of both quality of services and volume of assets under management.

Our asset management companies, Mizuho Asset Management and DIAM, 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 lineup of products designed to meet the increasingly diversified and sophisticated needs of customers.

In the Japanese defined contribution pension business, the group supports the formation of assets for individuals to enjoy in their retirement, and provides solutions pertaining to the management issues of companies.