

# Mizuho Financial Group

## Toward Management Reform

October 10, 2002

The 4th Japanese Financial Service Conference

Mizuho Holdings

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**Management Reform Policy**

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# Management Reform Policy

**Create a Trusted  
“Comprehensive Financial Service Group”**

**Pursue an Optimal Business Portfolio**

**Maximize Value of the Group**

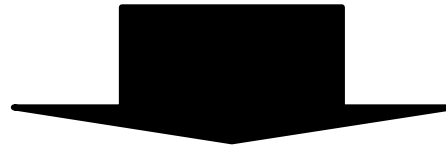
# Current Issues

**Prompt Realization of Consolidation Synergies**

**Aftereffects of Systems Problem**

**Sluggish Stock Market**

**Non-Performing Loans**



**Take Decisive Actions and Execute Sweeping Reform to Rebuild Confidence and Increase Profitability**

# Management Reform Actions

## Change Basic Business Strategies

**From Quantity to Quality**

**Focus and Concentrate Scope of Business**

**Promote “Cost Structure Reform Project”**

## Strengthen Group Management

**Implement Prompt Decision-making**

**Create a New Management & Employee Mentality**

**Introduce a Managerial Index on Capital Efficiency**

# Change Basic Business Strategies (1)

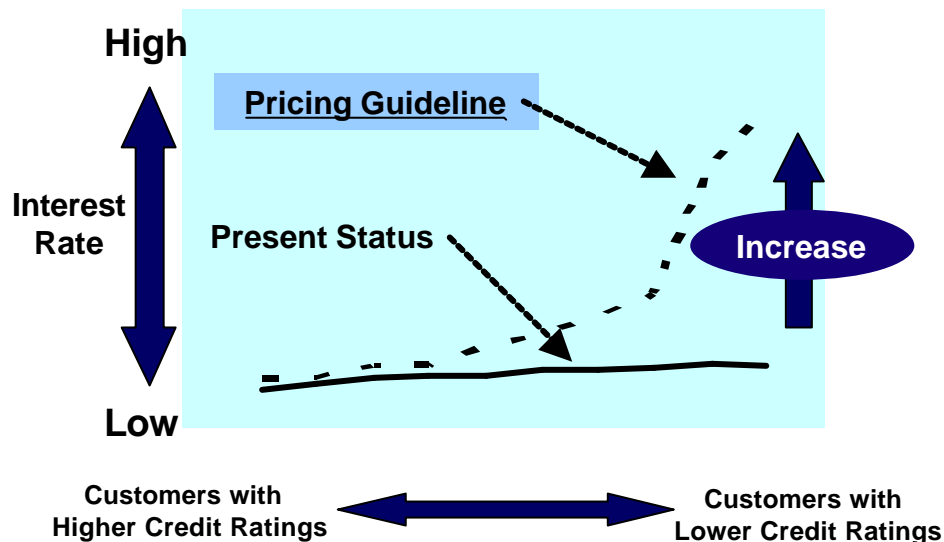
## From Quantity to Quality

Secure a Loan Spread in Proportion to Credit Risk

Improve Quality of Portfolio

Application of New Mizuho Pricing Guideline

Status of Short-term Spread Loans



Reduce Loan Assets to Large Corporate Borrowers and non-Japanese Borrowers

Loans amounting to ¥1.3 trillion in total were packaged and securitized using a Synthetic CLO Program.

Strengthen Warehousing-type Businesses

Promote Syndicated Loan Business

Reduce Cross-shareholdings

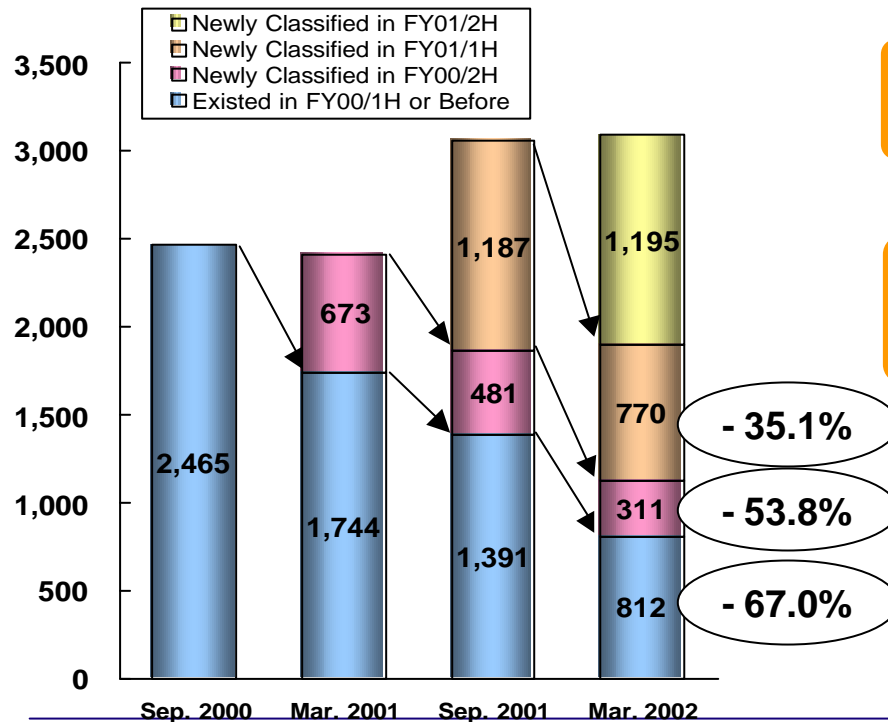
# Change Basic Business Strategies (2)

## From Quantity to Quality

### Prompt Resolution of NPL-related Problems

**Elimination of Problem Loans**  
(Claims against Bankrupt and Substantially Bankrupt Obligor and Claims with Collection Risk)

(Yen Billions)



## Improve Corporate Turnaround Support to Customers

**Mizuho Bank**

**Establishment of "Business Advisory Office"**

Strengthen Support to Troubled Borrowers

**Mizuho Corporate Bank**

**Support to Troubled Large Borrowers**

Provide "Watch Borrowers" with Effective Knowledge on IB Businesses

**Strengthen Corporate Turnaround Business**  
(Utilization of MBO Finance, etc.)

# Change Basic Business Strategies (3)

## Focus and Concentrate Scope of Business

Focus Management Resources  
on Priority Businesses

Syndicated Loans

Corporate Turnaround

Insurance/Mutual Funds

Curtailment of Indirect  
Costs

Promptly Decide Entry into &  
Exit from Businesses

< Examples of Exit >

Portal Site Business  
(em-town)

REIT



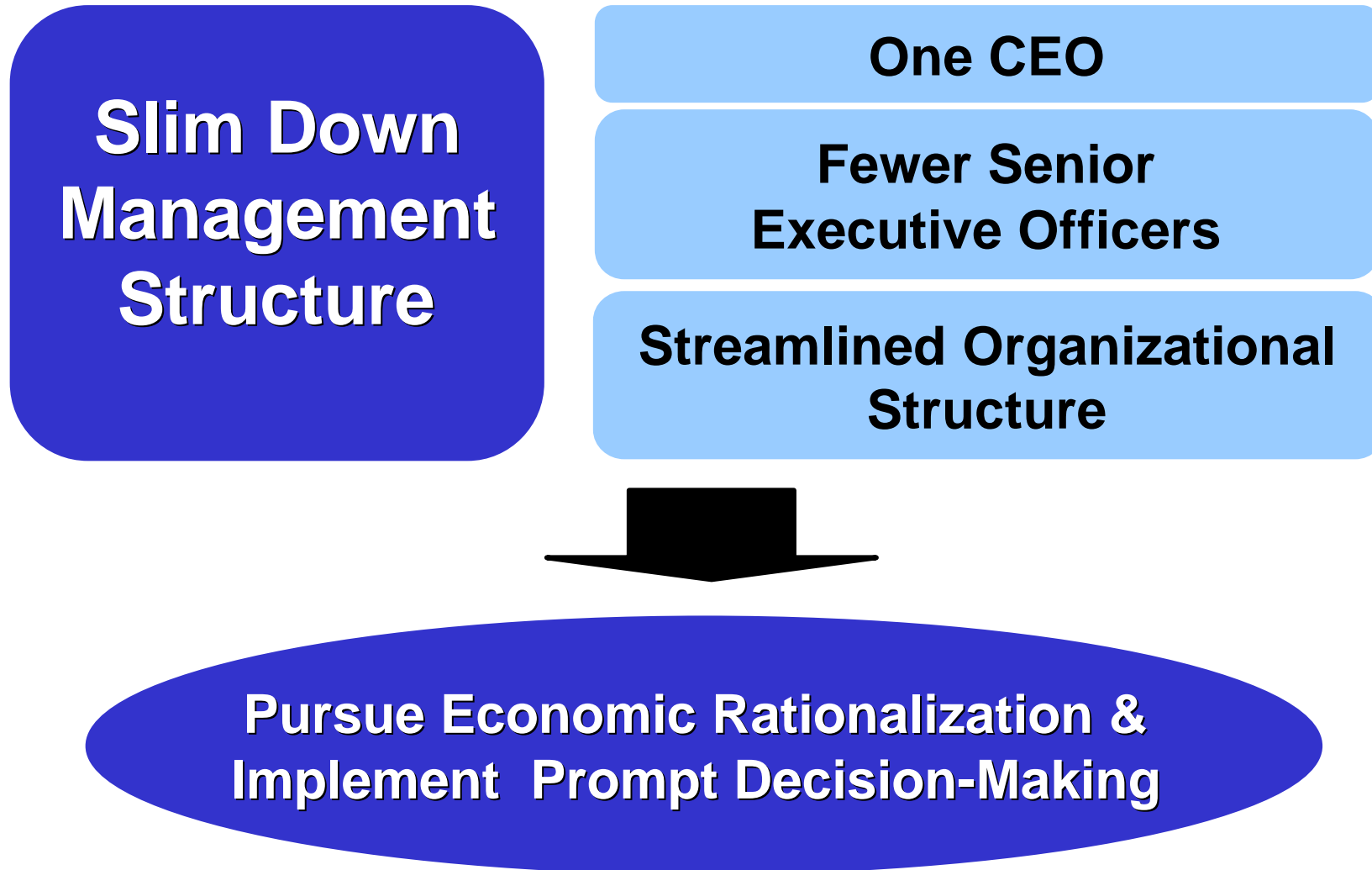
## Change Basic Business Strategies (4)

**Promote “Cost Structure Reform Project”**

**Implement Additional  
Cost-cutting Measures**

**For Each Group Entity, Introduce Expense Budget  
Limits Which Are a Function of Performance  
(Achievement of Gross Profit Plans)**

# Strengthen Group Management (1)



## Strengthen Group Management (2)

**Create a New  
Management  
& Employee  
Mentality**

**360° Evaluation System**

**Right-Person-in-the-Right-  
Place Policy**

**Compensation System  
Linked to Performance**

## **Strengthen Group Management (3)**

### **Introduce a Managerial Index on Capital Efficiency**

**Establish Management Framework to Pursue  
Capital Efficiency & Maximize Shareholders' Value**

**Share Common Management Goals  
within the Group**

# And Closing Remarks.....

## Mizuho Holdings

**Advisory Board**  
(Includes Outside Experts)

**Management Committees with participation  
of Non-Executive Board Members**

**Control over Major Management Issues  
of Subsidiaries based on Authority to  
Allocate Management Resources**

**Risk Management  
on a  
Group-wide Basis**

**Performance  
Management of  
Subsidiaries**

**Mizuho Bank**

**Mizuho Corporate Bank**

**Mizuho Securities**

**Mizuho Trust & Banking**

**Other Subsidiaries**

Mizuho's statements contained in this material of their current expectations are forward-looking statements subject to significant risks and uncertainties, and actual results may differ materially. Factors that could cause actual results to differ materially include, but are not limited to, changes in overall economic conditions, changes in market rates of interest, further declines in the value of equity securities or real estate in Japan, further deterioration of the quality of loans to certain industry sectors in Japan and the effect of new legislation or government directives.