

Japanese Bank's Business Strategy in Asia - Why Focus on Asia?

March 8, 2013

Mizuho Corporate Bank, Ltd.

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Japanese Bank's Business Strategy in Asia - Why Focus on Asia?

Key Points

- How can we best contribute to growth in Asia as a Japanese bank?
 - Both getting *back to basics* and *sustainability* are important
 - ⇒ Focus on real customer demand (client-orientation) & long term relationship with local customers
- Converting to a new business model for Japanese banks based on global structural changes
 - Mizuho's Stepping up to the Next Challenge

<Agenda>

- I. The standing point of Japanese banks — the earnings position -P2
- II. Changes in the world macro economy and industrial structure -P5
- III. Mizuho's international business strategy -P12
- IV. Mizuho's medium-term business plan (One MIZUHO New Frontier Plan) -P22

I. The standing point of Japanese banks – the earnings position

I-i The standing point of Japanese banks — the earnings position <Domestic-International Comparison>

- The current performance of Japanese megabanks continues to be strong
- The presence of international business in overall performance is expanding

<Graph 1>

<Graph 2>

<Graph 3>

[Megabanks: Gross Profit]

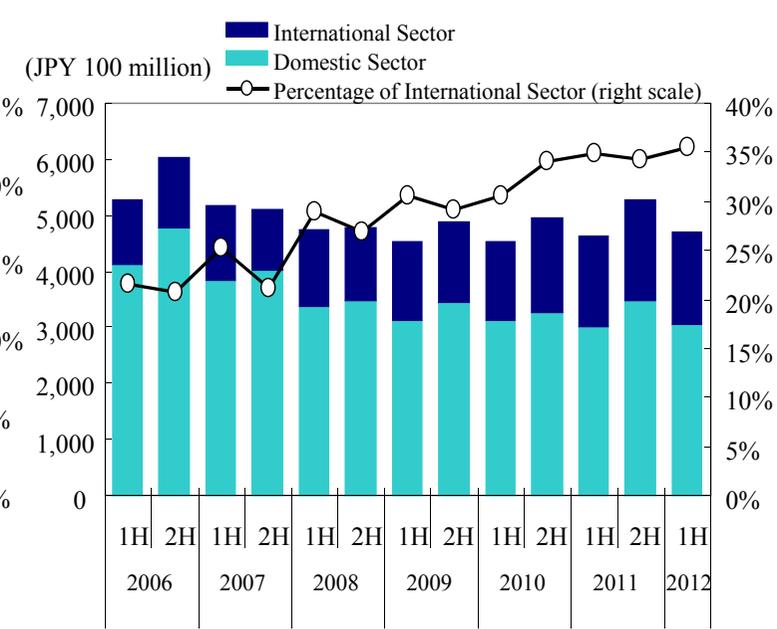
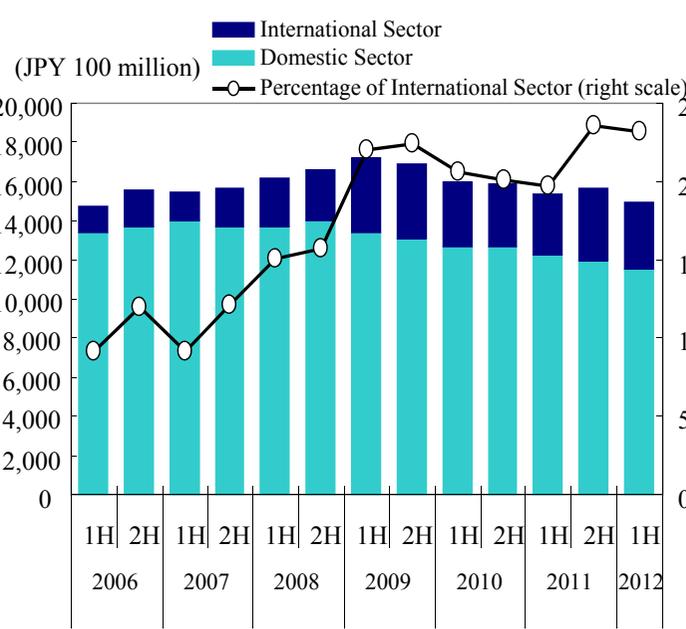
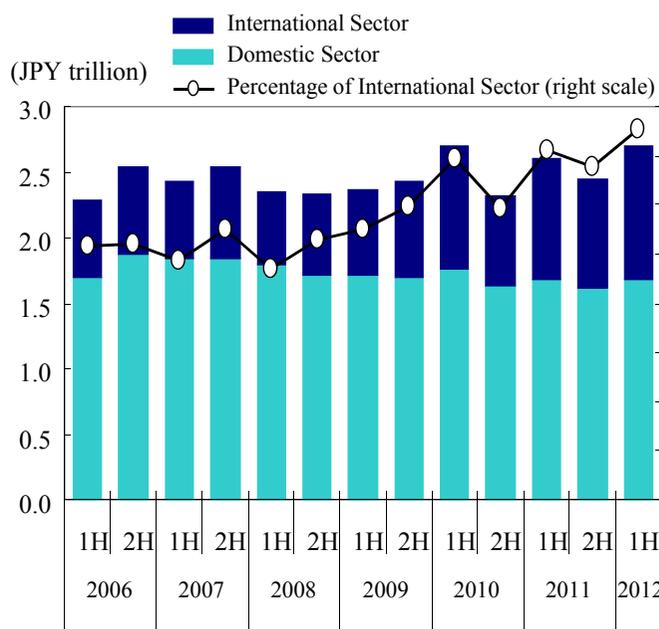
[Megabanks: Interest Income]

[Megabanks: Fee and Commission Income]

(Domestic Sector/International Sector)

(Domestic Sector/International Sector)

(Domestic Sector/International Sector)



(Note) Megabanks: Mizuho Bank, Mizuho Corporate Bank, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation

Domestic sector : JPY-denominated transactions of domestic branches (including market transactions)

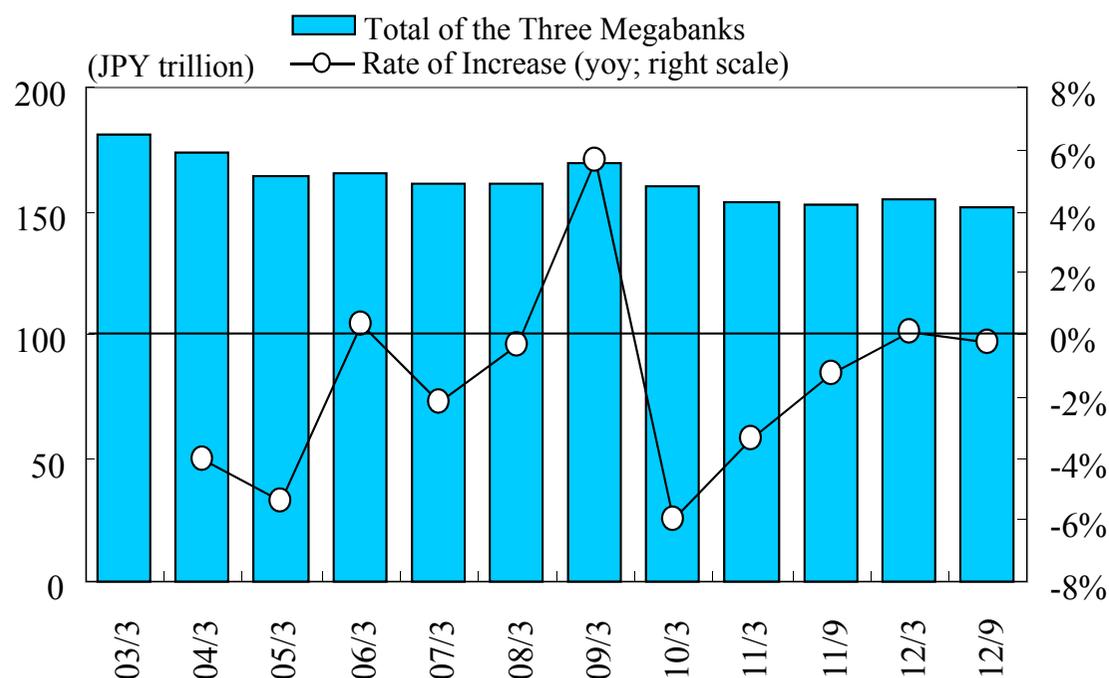
International sector : Foreign currency-dominated transactions of domestic branches and transactions of overseas branches

(Source) Prepared by Mizuho Research Institute from the financial statements of the relevant banks

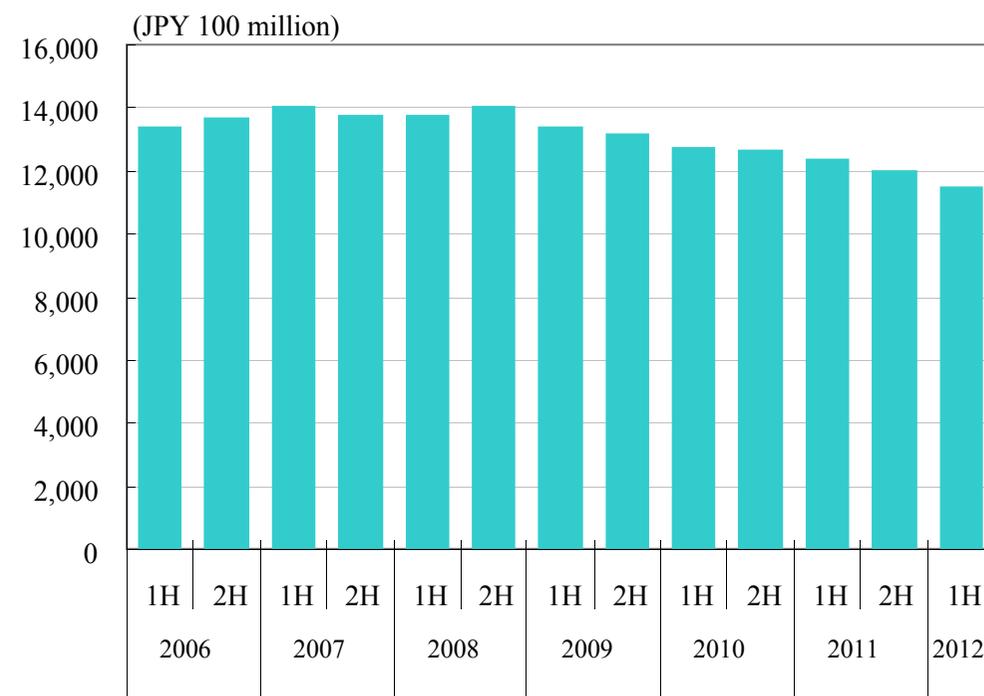
I-ii The standing point of Japanese banks—the earnings position <Domestic Unit Performance>

- Demand for finance in our domestic business unit continues to be weak due to Japan's prolonged deflation
- Domestic interest income is also trending downward due to both decreasing loan balances and narrowing profit margins

<Graph 1> [Megabanks: Trends in Loan Balances]



<Graph 2> [Megabanks: Domestic Interest Income]



(Note) Megabanks: Mizuho Bank, Mizuho Corporate Bank, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation

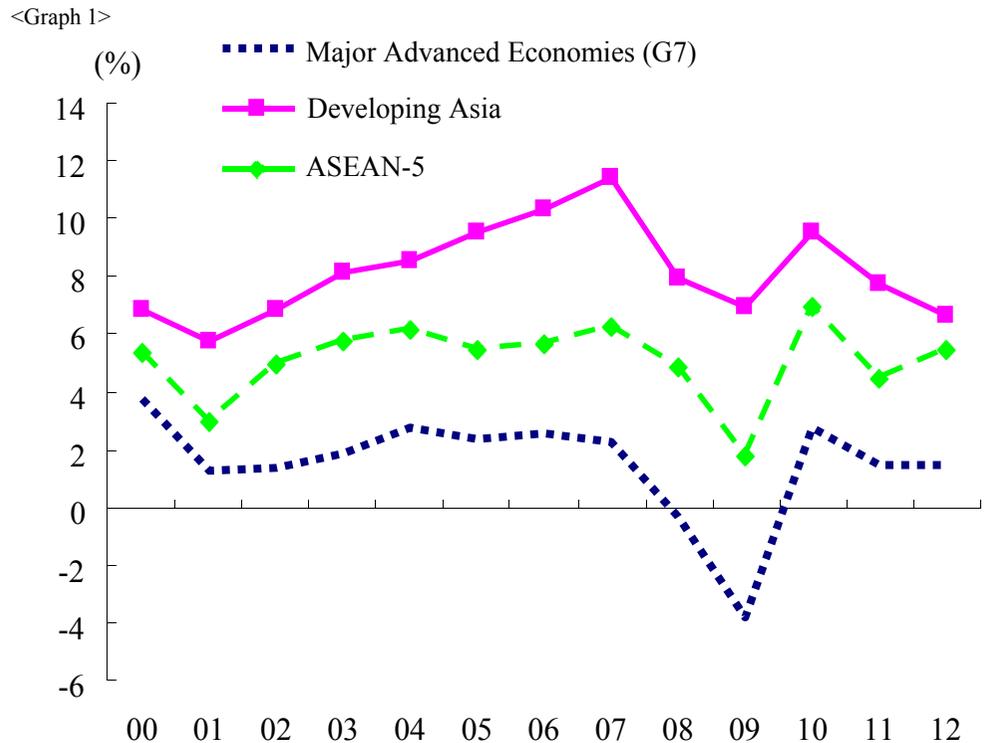
(Sources) Summary of Financial Results; prepared by Mizuho Research Institute

II. Changes in the world macro economy and industrial structure

II-i Current Economic Conditions in Asia

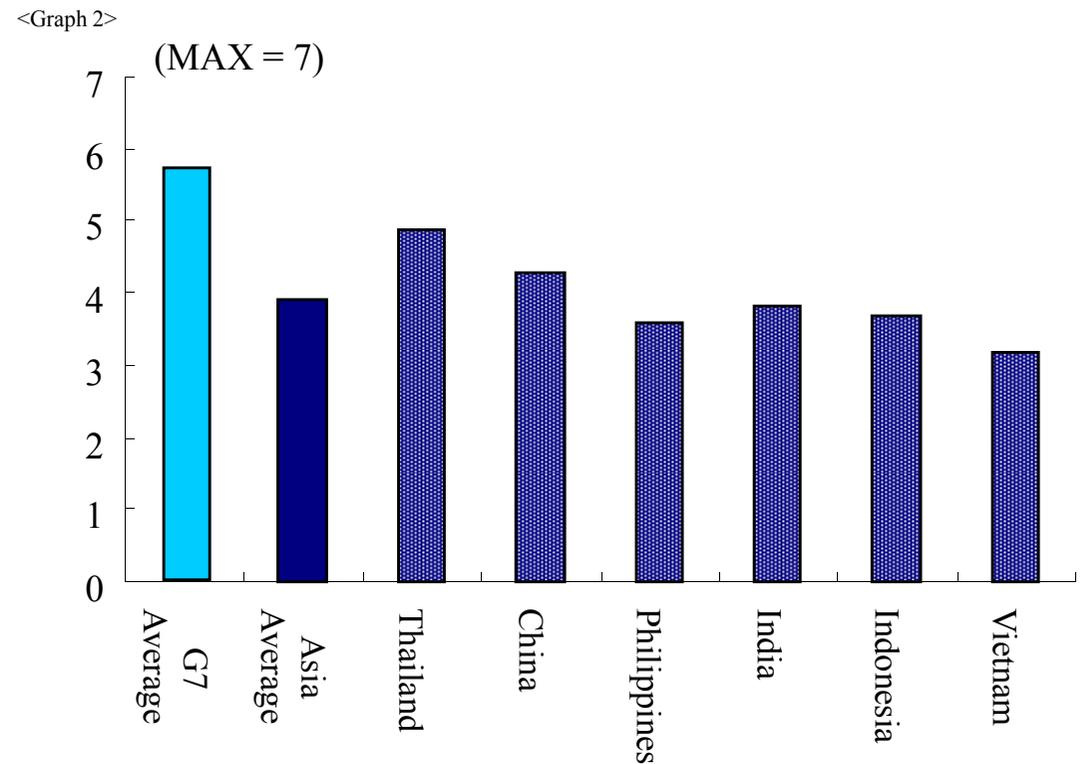
- Real GDP growth rates in Asia continue to significantly exceed those of developed countries
- Infrastructure is not yet fully developed in Asia. This means it is necessary to establish electricity and logistics networks as a platform for business activity and social infrastructure to support urbanization.

Real GDP Growth



(Note) Developing Asia : 27 countries (China ,India ,ASEAN (except Singapore) ,etc)
 (Source) IMF; prepared by Mizuho Research Institute

Quality of Infrastructure in Asian Countries

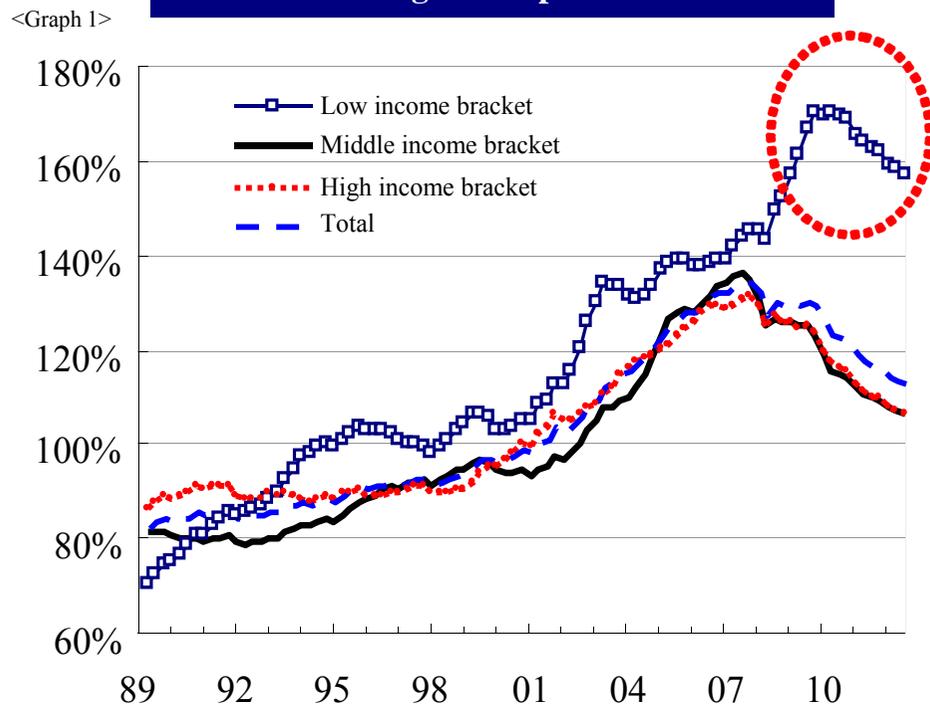


(Source) ADB; prepared by Mizuho Research Institute

II-ii Continued Economic Weakness and Low Growth in Western Economies

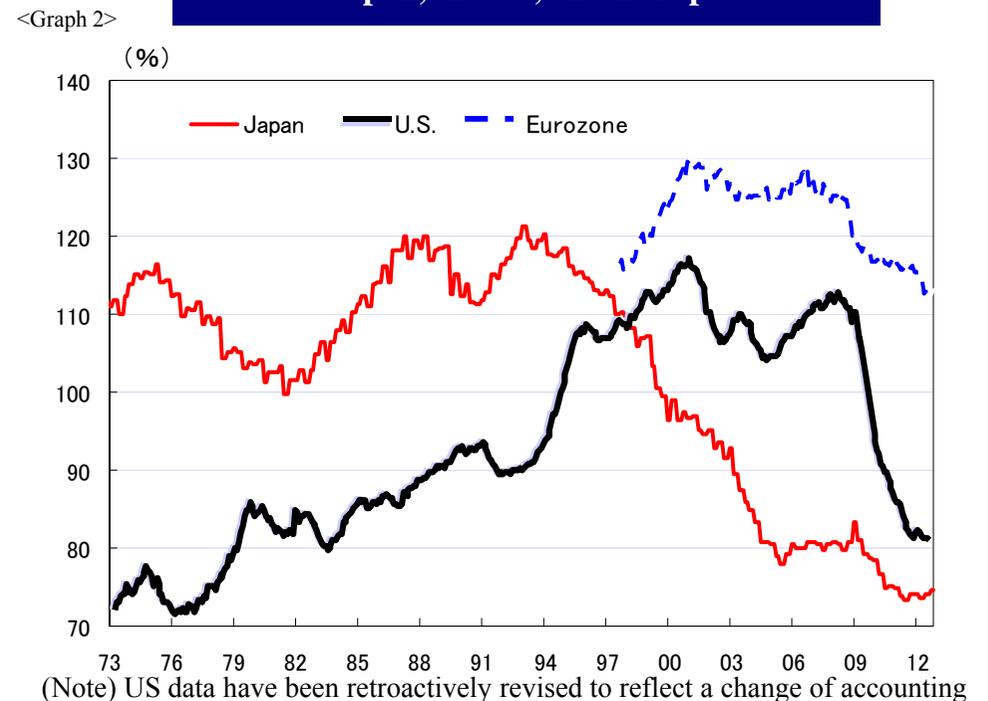
- Continued pressure of household balance sheet adjustment in the US economy
 - Consumption is stagnating and economic growth is projected to remain slow
- European economy taking an incremental approach to addressing its debt problem
 - Economic conditions are expected to remain weak

US Household Debt Outstanding as a Percentage of Disposable Income



(Source) FRB; prepared by Mizuho Research Institute

Trends in Loan to Deposit Ratios of Banks in Japan, the US, and Europe



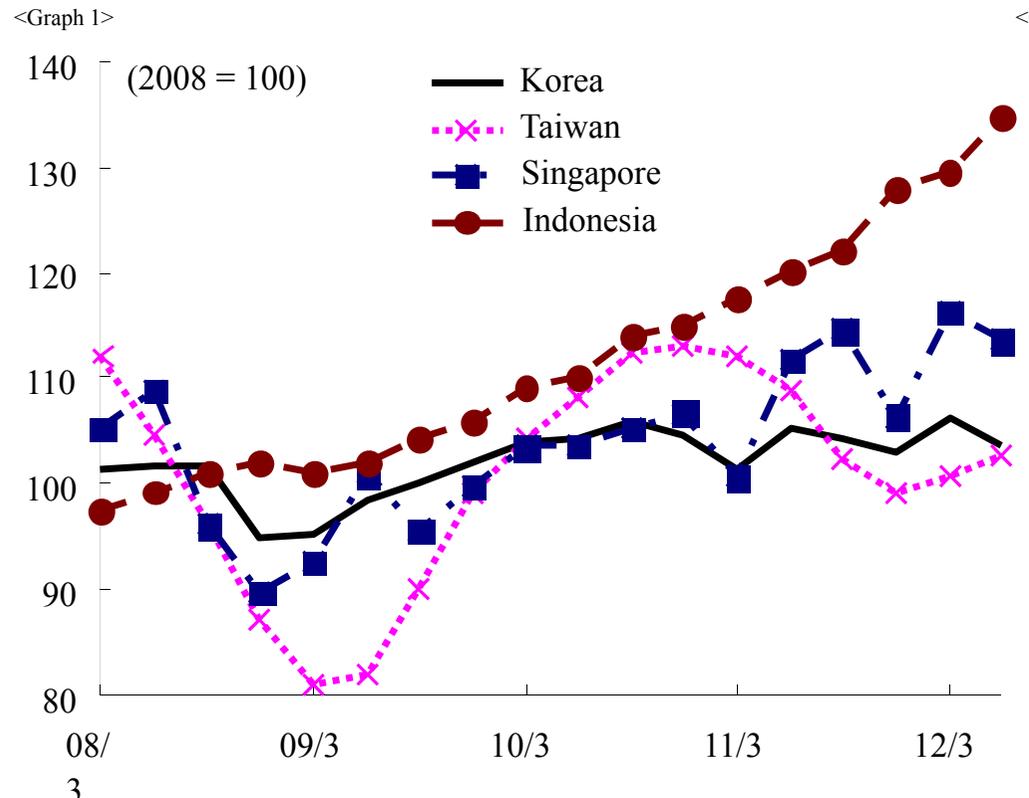
(Note) US data have been retroactively revised to reflect a change of accounting rules in April 2010. Eurozone data exclude interbank lending.

(Sources) BOJ, Haver, ECB; prepared by Mizuho Research Institute

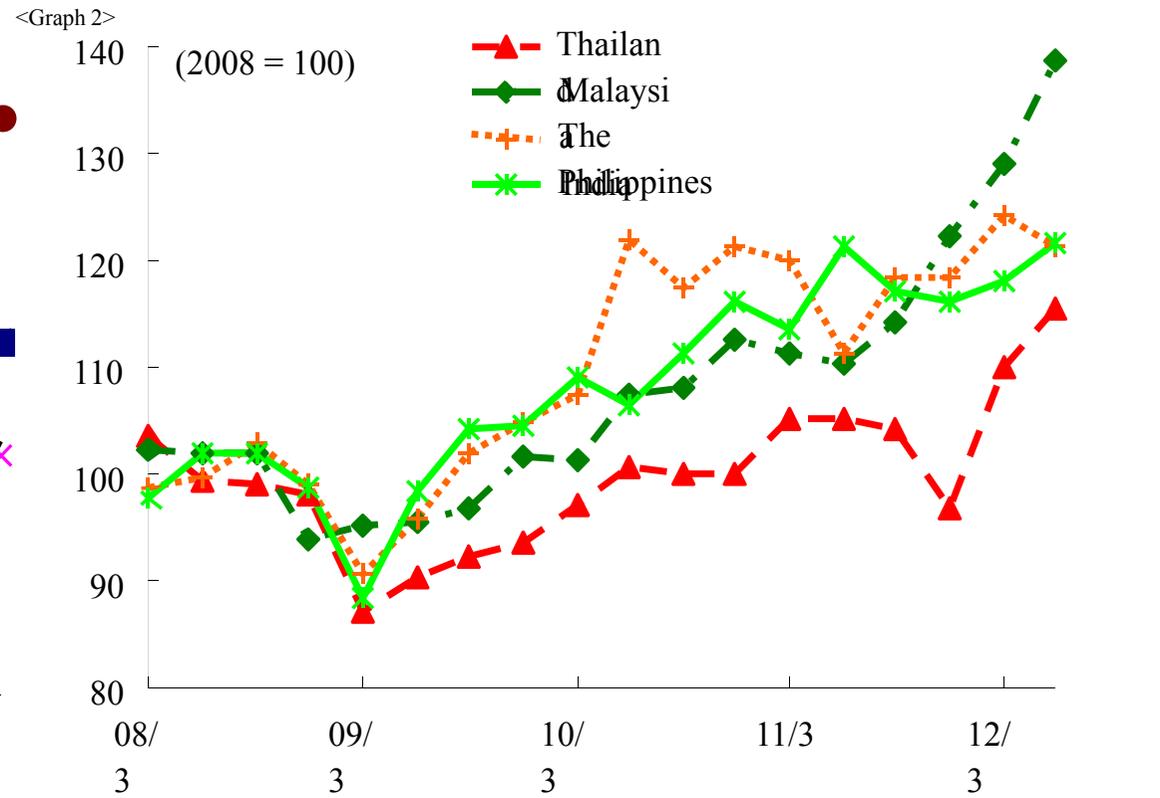
II-iii Demand for Finance in Asia

- Asia has high capital needs for its strong fixed investment in the private-sector and infrastructure development
 - Long term financing for domestic corporations and infrastructure industries will continue to be needed going forward

Investment Trends in Asian Countries (Gross Fixed Capital Formation)



(Note) Seasonally adjusted by TRAMO-SEATS except Korea/Singapore/Thailand
 (Source) Prepared by Mizuho Research Institute from each country's statistical data

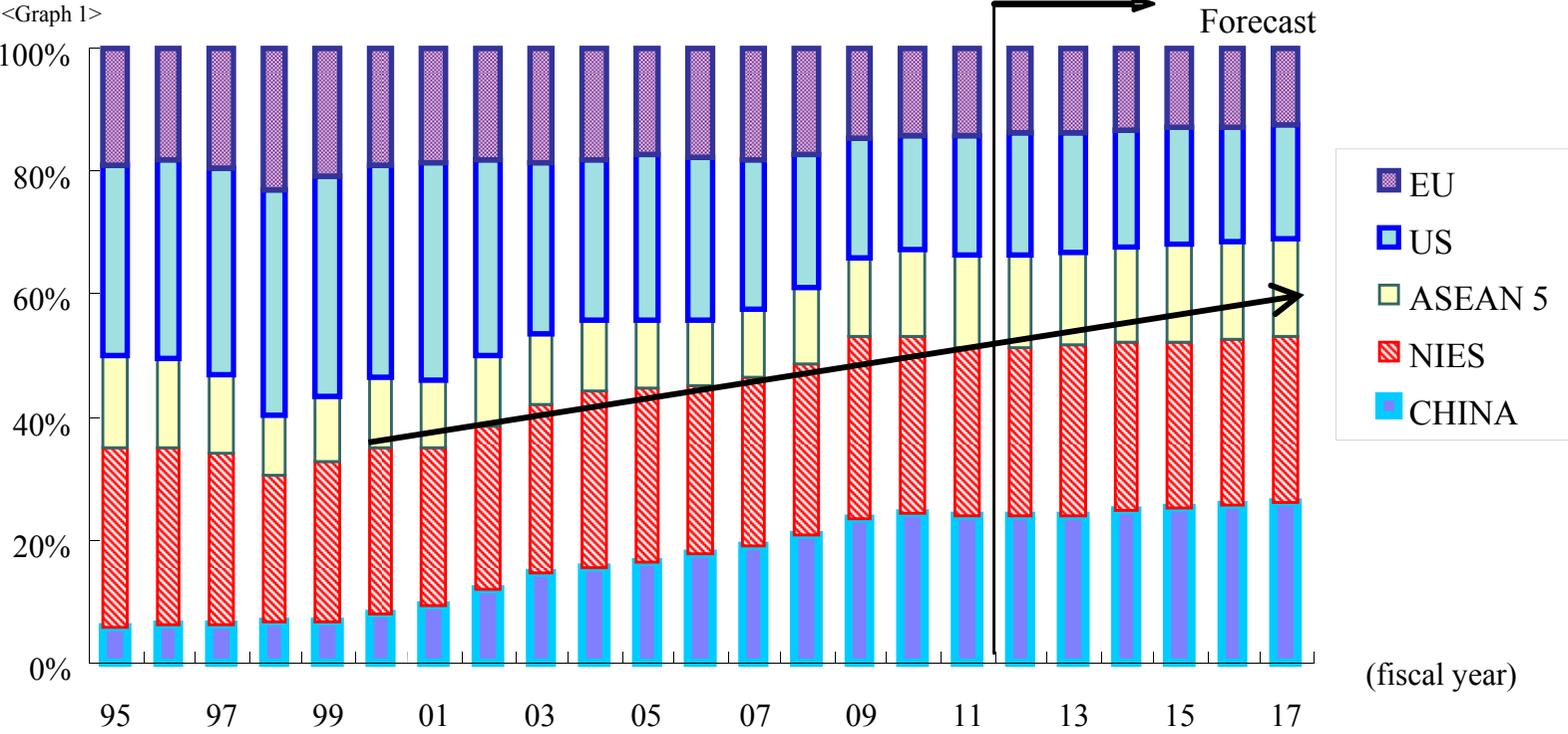


(Note) Seasonally adjusted by TRAMO-SEATS except Korea/Singapore/Thailand
 (Source) Prepared by Mizuho Research Institute from each country's statistical data

II-iv The Shift toward Asia of Japan's Export Structure

- Japan's proportion of exports to Asia is rising in association with the change in world demand structure
 - Exports to Europe and the US have decreased to just under 30% and exports to Asia have increased to just under 60%
 - Excluding China, the proportion of exports to Asia such as the ASEAN region is expected to increase

Change in Japan's Export Weight by Destination



(Note) Forecasts by MHRI from FY2012 onward

(Source) Ministry of Finance Trade Statistics; prepared by Mizuho Research Institute

II-v Emerging Countries are at the Center of World Demand

Emerging Countries are at the Center of World Demand and Acceleration of Local Production for Local Consumption is Unavoidable — “focus on Asia”

1. Production Volume Forecast for Japanese Car Manufacturers

* Emerging countries are at the center of world demand and overseas production bases are shifting toward a “local production for local consumption” model.

<Table 1>

	Results (2010)		Estimate (2020)	
Production volume	2,282	100%	2,944	100%
Domestic	963	42%	766	26%
Overseas	1,319	58%	2,178	74%
Domestic sales	496	52%	421	55%
Export	467	48%	380	50%

Worldwide Demand Forecast

	2010	2020
Developed Countries	3,387 (46%)	3,934 (40%)
Emerging Countries	3,999 (54%)	5,878 (60%)

2. Local Content Ratio for Japanese Car Manufacturers (2011)

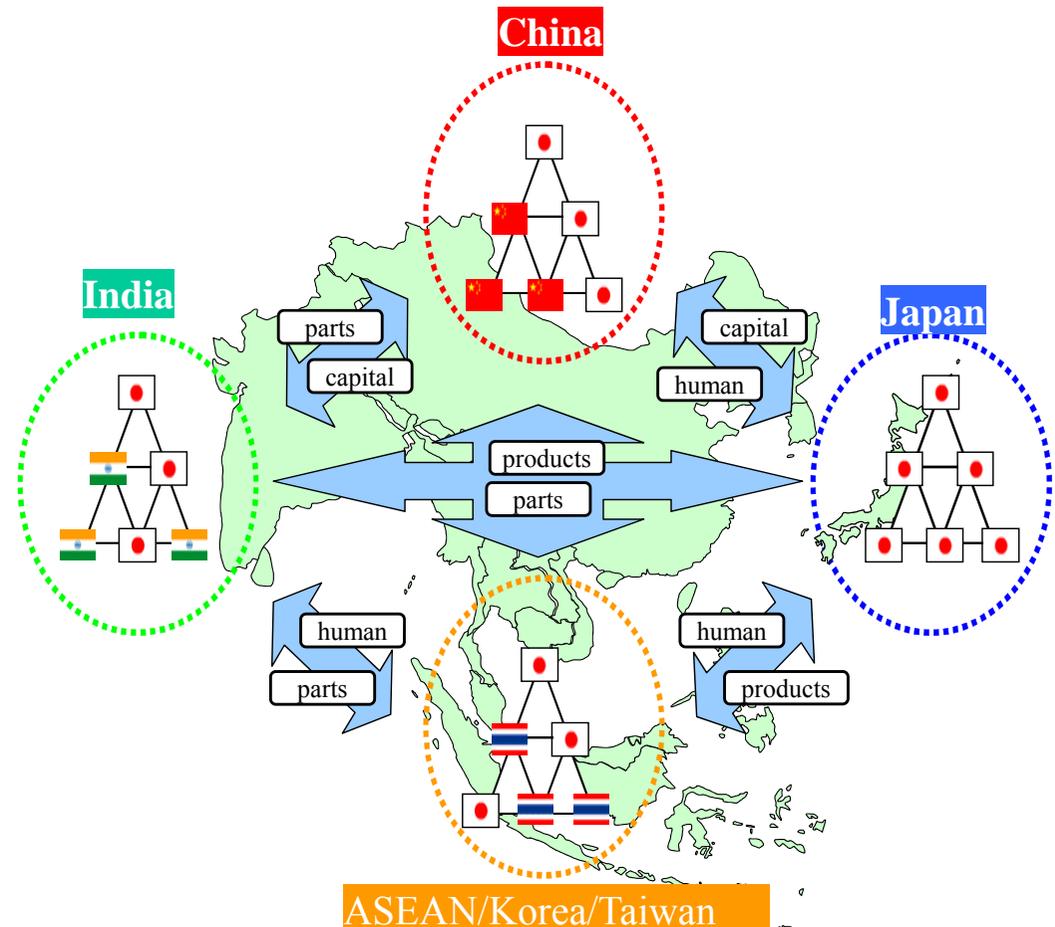
* Accelerating local production for local consumption = accelerating local procurement
= accelerating “hollowing out” of Japanese industry

<Table 2>	China		Thailand		India	
	Production volume	Local Content ratio	Production volume	Local Content ratio	Production volume	Local Content ratio
TOYOTA	80	95%	51	85%	14	50%
NISSAN	84	90%	19	90%	13	85%
HONDA	62	95%	11	90%	4	70%
SUZUKI	30	50%	—	—	112	90%

(Source) Prepared by Mizuho Research Institute from manufacturers’ documents

3. Building a Production Network in Asia

* Expanding into emerging markets is effective from the perspective of risk diversification and foreign exchange risk management, in addition to capturing demand.



II-vi Increasing Expectations for the role of Asian Financial Institutions

- The world finance environment has changed significantly as a result of weaker US and European financial institutions
 - Asian financial institutions and Japanese banks have continued to supply stable financing during this period

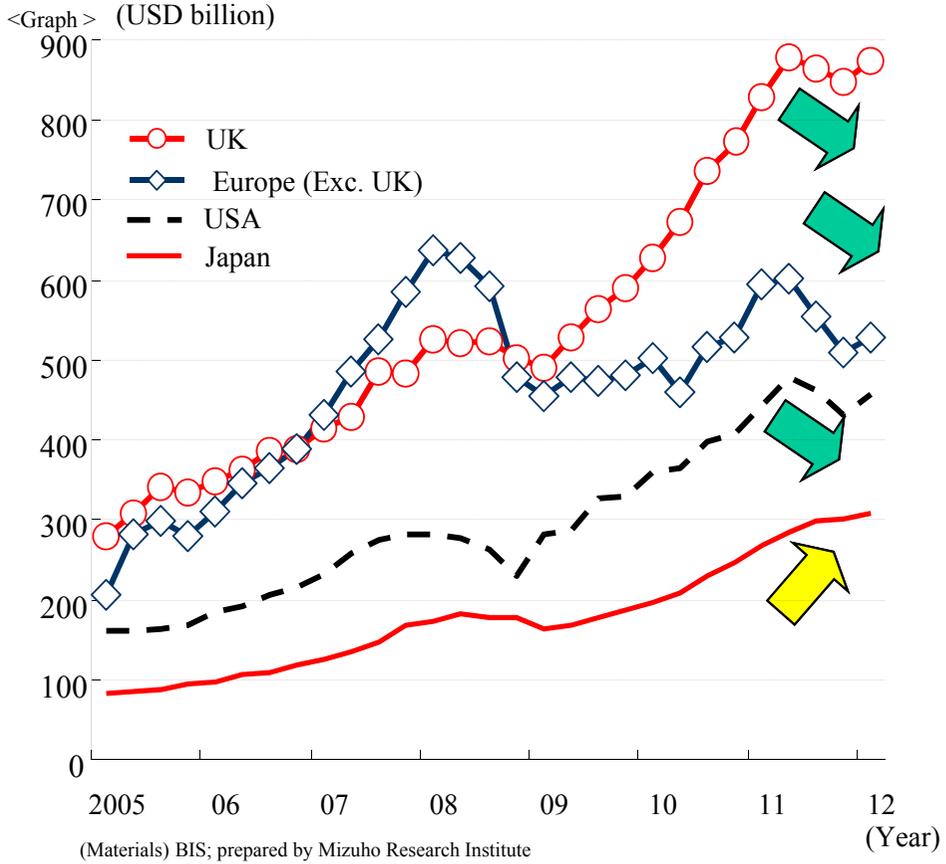
Losses in the World Financial Crisis

Losses and Capital Funding Situation of Financial Institutions from 2007 to 2011 Q2

<Table> (USD billion)

	Loss	Capital Funding	Public Funds
Worldwide	2,056	1,598	846
USA	1,326	834	564
Europe	680	610	281
Asia	51	154	1

Bank Exposure to Asia



III. Mizuho's international business strategy

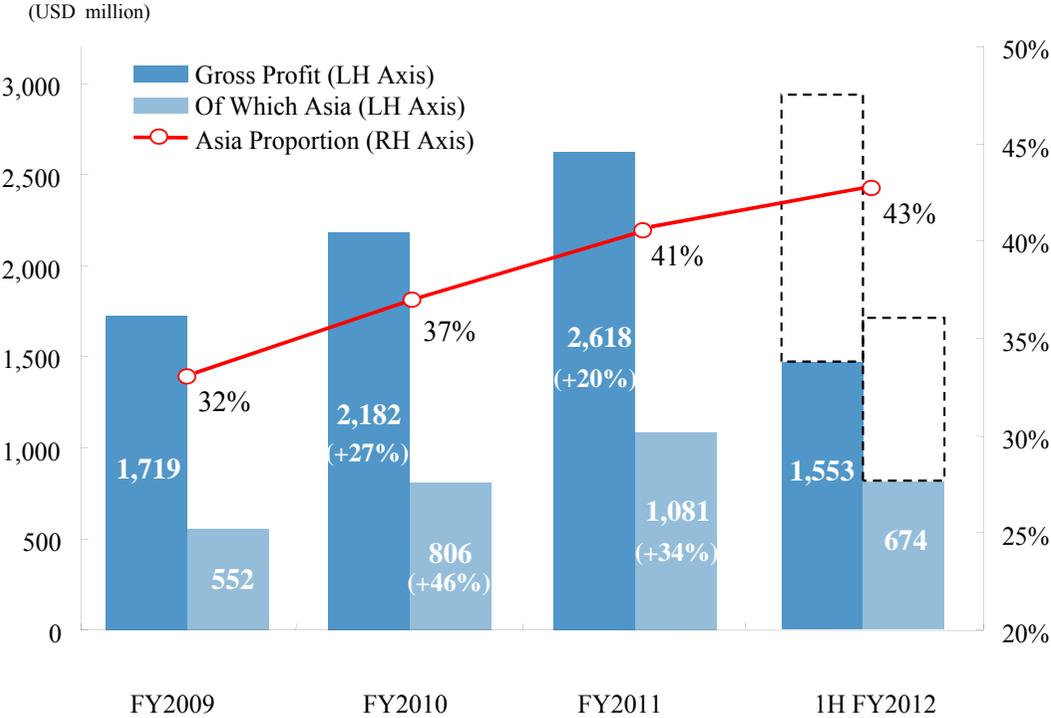
III-i Mizuho: Expansion of Operations and Growth in Asia

Gross Profit from International Business

Steady expansion of international business and Asia becoming key driver of growth

- Gross profit from international business has increased by 52% from FY2009 to FY2011
- Proportion of international business in Asia: FY2009 - 32% → 1H FY2012 - 43%

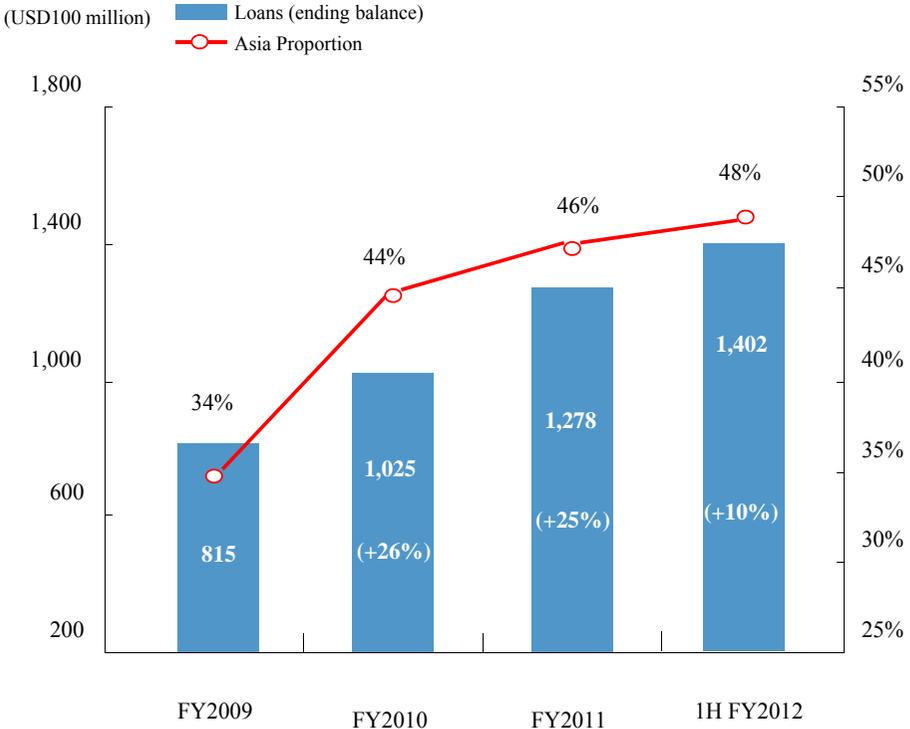
<Graph 1> (Managerial Accounting Basis; MHCB Non-consolidated + Overseas Subsidiaries)



Changes in International Loan Balance (ending balance)

Loans continue to increase, especially in Asia

<Graph 2> (Managerial Accounting Basis; MHCB Overseas Branches + Overseas Subsidiaries)



III-ii Mizuho: Soundness and Efficiency

International Business Risk-weighted Assets and RORA

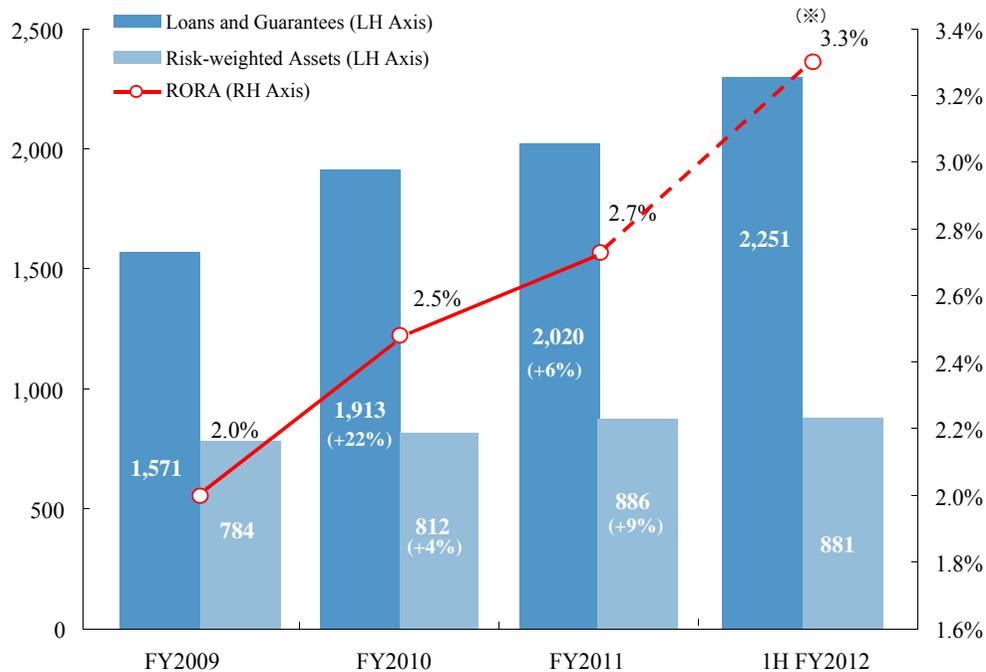
Profit structure not dependent on loans, leveraging RM relationship strength

- Growth in risk-weighted assets controlled by building up highly-rated assets (average increase rate of 6% from FY2009 to FY2011)
- Significant improvement in profitability by building up ancillary profit (FY2011 RORA 2.7%)

<Graph 1>

(USD100 million)

(IBU Management Basis; MHC B Branches + MHC B China)



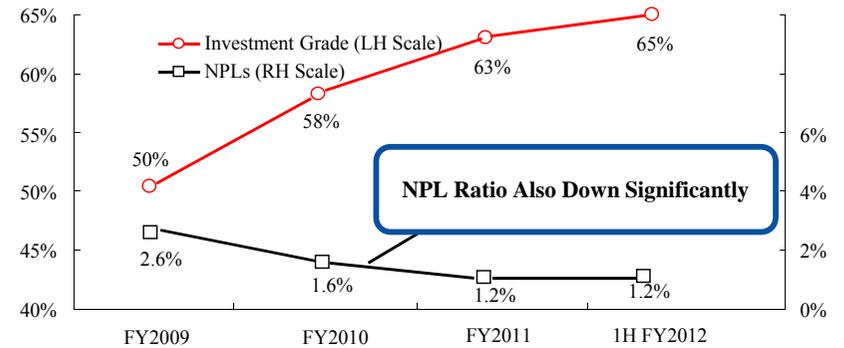
(*) RORA of 1H FY2012 calculates from the gross profit of 1H FY2012 X 2

Quality of International Loans

Realizing high-quality loan portfolio, mainly to investment grade customers

<Graph 2>

(IBU Management Basis; MHC B Branches + MHC B China)



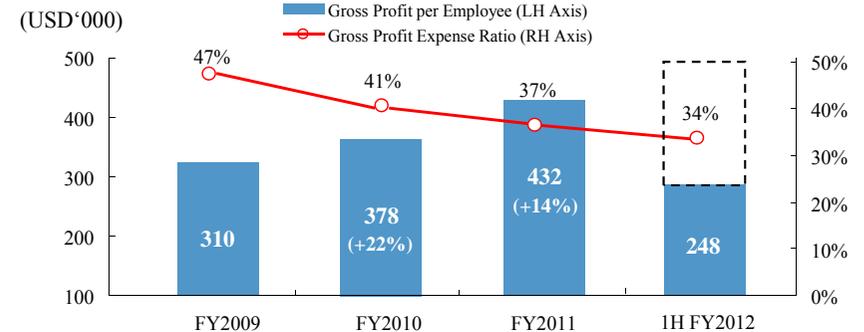
NPL Ratio Also Down Significantly

Gross Profit Expense Ratio and Gross Profit per Employee

Efficiently expand profit while controlling expenses

<Graph 3>

(IBU Management Basis)



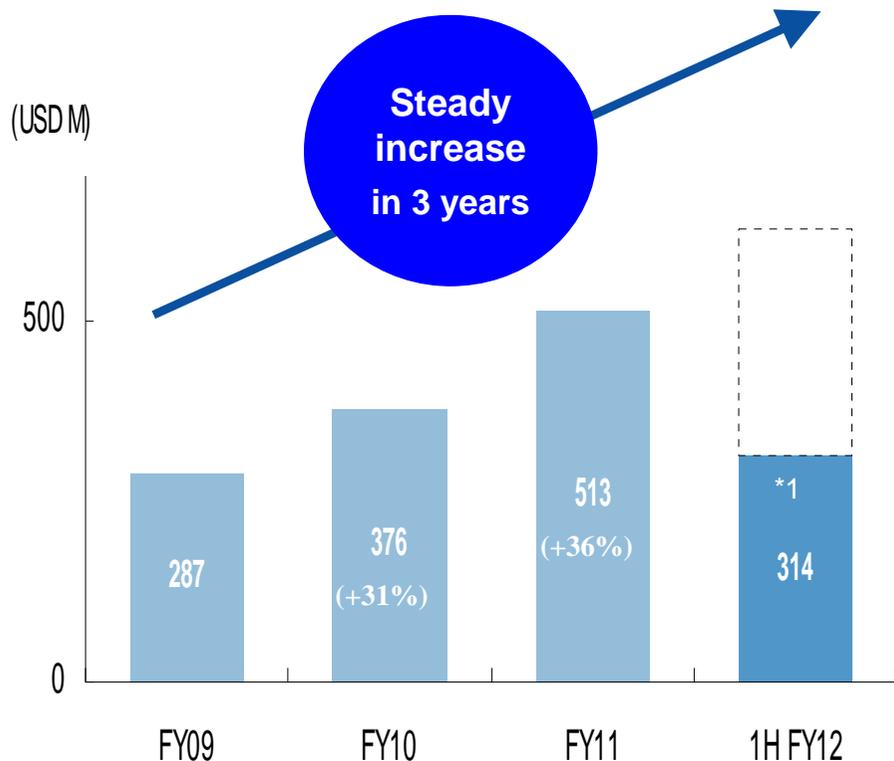
III-iii Super 30 (non-Japanese blue-chip corporations): A foundation of Mizuho's overseas strategy

<Super 30> Approx. 30 non-Japanese corporate groups selected as our primary focus in each of 4 overseas regional units

<Super 30> Gross Profits

<Graph 1>

(International Banking Unit managerial accounting)



Gross profits per one customer group	FY09	FY10	FY11	1H FY12
	2.7	3.7	4.4	5.4(※)

(※) calculates from the gross profit of 1H FY2012 X 2

<Super 30> Basic Concept

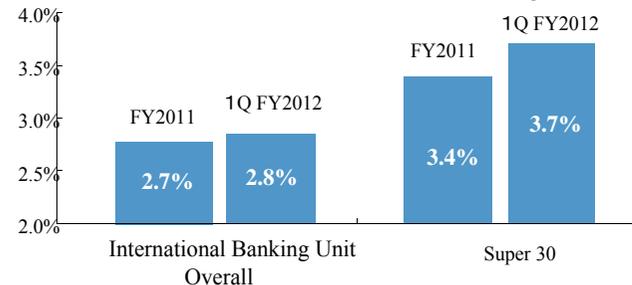
- Rigorous criteria for selecting key customers (116 customer groups in 4 overseas regional units)
- Strengthen relationship at management level
- Continuous review of overall profitability
- Promotion of "Deal After Deal" marketing



<Super 30> Profitability (RORA)

<Graph 2>

(International Banking Unit managerial accounting)



III-iv Super30 (Results of Securities Cooperation)

Acquire Securities Business Through Group Securities Subsidiaries using Relationship Management

DCM / ECM

- Foreign currency-denominated bond bookrunner deals acquired by securities subsidiaries: DCM 46; ECM 1
- No.1 on league tables for both lead manager for samurai bond deals through non-Japanese issuers acquired by securities subsidiaries and FA/managing agent for samurai bond deals through non-Japanese issuers acquired by MHC B

USD/EUR/GBP Bond Bookrunner Deals

 IBM USD 2,000mil Joint Bookrunner Feb 2013	 AB InBev USD 7,500mil Joint Bookrunner July 2012	 BP USD 3,000mil Joint Bookrunner May 2012	 SABMiller EUR 1,000mil Joint Bookrunner Nov 2012	 Nat Grid GBP 400mil Joint Bookrunner May 2012
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M&A Advisory – Japanese Corporations

<Table 3>



	Proceeds (JPY Bn)	No. of Deals
1 Mizuho Financial Group	4,765.3	102
2 Nomura	4,235.8	103
3 Mitsubishi UFJ Morgan Stanley	3,657.3	93
4 JPMorgan	2,437.7	15
5 Goldman Sachs	2,270.5	27

2012/4-2012/12, publicly announced deals regarding Japanese corporations excluding real estate deals
 Source: Thomson Reuters

Hong Kong IPO Deals

POWL Deals

 HKT Trust and HKT Limited Joint Bookrunner Joint Lead Manager Sole POWL Coordinator MIZUHO Mizuho Securities Fund Raise: US\$1.2 billion Nov 2011

 PRADA Sp.A. Joint Lead Manager MIZUHO Mizuho Securities Fund Raise: US\$2.15 billion Jun 2011

 HKT Trust and HKT Limited Joint Bookrunner Joint Lead Manager Sole POWL Coordinator MIZUHO Mizuho Securities Fund Raise: US\$1.2 billion Nov 2011

 Hatchison Port Holdings Trust Co-Lead Manager POWL Coordinator MIZUHO Mizuho Securities Fund Raise: US\$3.1 billion Mar 2011

Samurai Bond Lead Manager

Samurai Bond FA/Managing Agent

<Table 1> Amount (JPY100m) Number of Deals

1 MHC B	3,822	49
2 Nomura Securities	3,571	36
3 Daiwa Capital Markets	3,141	37
4 MUFJ Morgan Stanley	2,556	33
5 SMBC Nikko Securities	1,727	31

Apr 1, 2011 – Mar 31, 2012 Excluding self-issued bonds/private placement bonds
 Source: Thomson Reuters

<Table 2> Amount (JPY100m) Number of Deals

1 MHC B	13,387	50
2 Mitsui Sumitomo Bank	5,038	21
3 Bank of NY Mellon	1,000	2
4 Mitsubishi Tokyo UFJ Bank	514	3

Apr 1, 2011 – Mar 31, 2012
 Source: Thomson Reuters

Syndicated Loans in Asia

<Table 4>



	Proceeds (USD M)	Market Share
1 Mizuho Financial Group	4,559.6	6.5%
2 Standard Chartered PLC	4,460.5	6.3%
3 State Bank of India	4,449.1	6.3%
4 HSBC Holdings PLC	3,443.3	4.9%
5 DBS Group Holdings	3,110.6	4.4%
6 Sumitomo Mitsui FG	2,987.7	4.2%
8 Mitsubishi UFJ FG	2,390.3	3.4%

Jan.-Dec.2012, bookrunner basis (USD, EUR, JPY, AUD, HKD and SPD) excluding Japan
 Source: Thomson Reuters

III-v Strategic Moves into Growth Areas(1)

Asia Infrastructure Projects

USD8 trillion infrastructure demand in Asia (2010-20)

Increasing expectation of business opportunities (over 30% of companies recognize this as a business opportunity)

- Origination function at project outset
- Cross-functional response throughout the bank

<Table 1>

Business Opportunity	Main Results
Business Participation in Smart City Project	<ul style="list-style-type: none"> ■ Integrated environmental township development in Chennai, India ■ Energy-efficient business and small-scale environmental city development in Tianjin Economic Development Zone, China
Equity Investments	<ul style="list-style-type: none"> ■ Establishment of Japan-China Energy Saving & Environment Conservation Fund ■ Establishment of Mizuho ASEAN PE Fund
Advisory	<ul style="list-style-type: none"> ■ Power Project in Indonesia ■ Port project in Vietnam
Business Alliances with Non-Japanese Customers	<ul style="list-style-type: none"> ■ Petro Vietnam, Hyflux
Project Finance	<ul style="list-style-type: none"> ■ Lead arranger for a combined-cycle gas turbine power generation project in Nong Saeng, Thailand

<Table 2>

Project Finance Advisory Mandates Closed in Asia Pacific

		Amount (USD billion)
1	Credit Agricole	40.0
2	Mizuho Financial Group	40.0
3	Royal Bank of Scotland	12.9
4	Macquarie	5.7
10	SMFG	0.3

Jan 1, 2012 – Dec 31, 2012
Source : Project Finance International

III-v Strategic Moves into Growth Areas(2)

Response to Internationalization of Renminbi

Expanding trade/capital settlements denominated in RMB due to easing of regulations



Potential to become third reserve currency
Capture business opportunities in RMB

Response to funding and investment in RMB

- Support RMB funding from offshore markets
- Provide a range of funding instruments

- Composed RMB-denominated syndicated loans in Japan and Hong Kong
 - Auto parts manufacturer, non-bank
- Arranged dim sum bonds
 - Japanese non-bank/lease companies, Taiwanese cement company
- FA for RMB-denominated parent-subsidiary loan scheme
 - Japanese lease company, European non-Japanese company
- Appointed lead manager for China Development Bank bond underwriting
- Issued RMB-denominated bank debenture in China (CNY1.0 billion)
- Obtained approval to invest in the Chinese interbank corporate bond market

First Japanese Bank

Bank-Securities Cooperation

First Foreign Bank

First Japanese Bank

Response to increasing RMB trade settlement

- Completed preparations to handle RMB at all overseas offices
 - * Except India, where regulations prevent this
- => Focus on acquiring deposits/settlements in the US and Europe as well as Asia

III-v Strategic Moves into Growth Areas(3)

Capital Investment in Vietcombank (Vietnam)

<Key Point>

- Acquired 15% of Vietcombank shares (after dilution) through a capital increase by third-party allocation in Dec 2011
- Largest private shareholder, second to Vietnamese Government

Overview of Vietcombank

- One of the largest commercial banks in the Socialist Republic of Vietnam, established in Oct 1962, largest issuer of cards, 20% share of trade settlements (2010)
- After the investment, Mizuho sent one director (vice-president) and five employees to Vietcombank to provide expertise in products, risk management, and internal control
- Dominant position in foreign exchange, trade finance, and settlement-related business. Provides a wide range of financial services in Vietnam as a financial conglomerate including securities, wealth management, and insurance subsidiaries within the group

Strategic Significance of Investment

- High economic development is projected for Vietnam. Ranked 4th on JBIC Promising Countries/Regions for Mid-Term Business Development survey (Bridgestone and Kyocera-Minolta confirmed major investments in FY2011)
- Provide services using Vietnam domestic network and information base to Japanese companies expanding their businesses to Vietnam
- Partnership in retail business such as consumer finance in Vietnam

* Survey report related to overseas business development of Japanese manufacturing businesses – FY2011 Overseas Direct Investment Survey Results (#23)

Acquisition of Banco WestLB do Brasil S.A.

<Key Point>

- On Jun, 2012, MHC B reached agreement with the German bank, WestLB AG, to acquire its Brazilian corporate banking subsidiary, Banco WestLB do Brasil S.A.

Overview of Banco WestLB do Brasil S.A.

- Banco WestLB do Brasil S.A. (Sao Paulo) is a medium-size bank established in 1911 with total assets of approximately USD1.5 billion (as at December 30, 2011). It has 66 employees and focuses mainly on wholesale banking.

Strategic Significance of Investment

- With strong domestic demand and rich natural resources supporting various industries, Brazil is rapidly becoming one of the most powerful economies in the world.
- To further contribute to development of economic relations between Latin America and Asia by supporting Asian companies' investment to the area, providing trade finance, and facilitating cross-border M&A activities.

Total of 86 Overseas Offices. Approximately Half (44) in the Asia-Pacific Region

■ Offices established since FY2012:

April, 2012: Yangon Representative Office (Open)

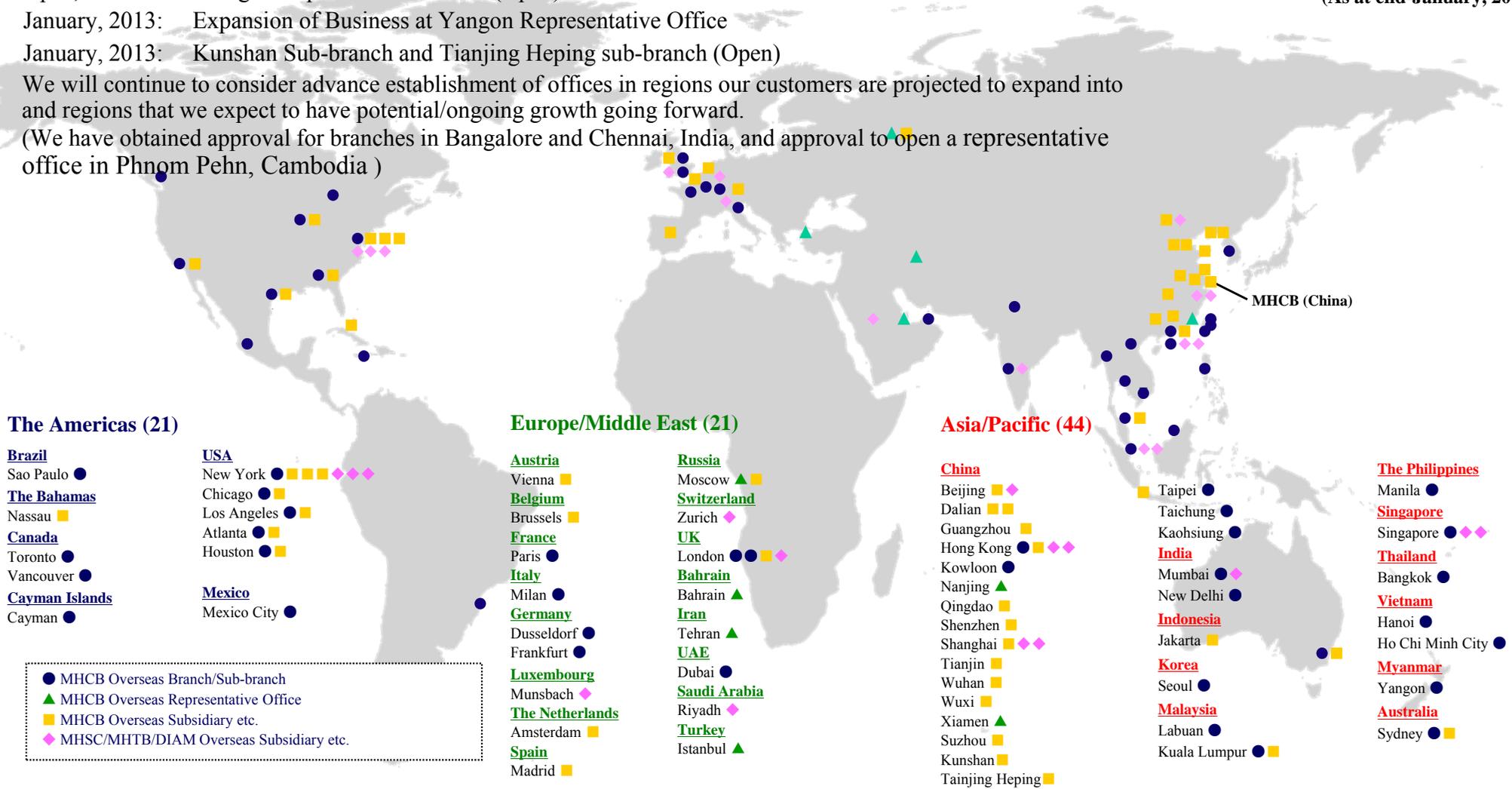
January, 2013: Expansion of Business at Yangon Representative Office

January, 2013: Kunshan Sub-branch and Tianjing Heping sub-branch (Open)

(As at end-January, 2013)

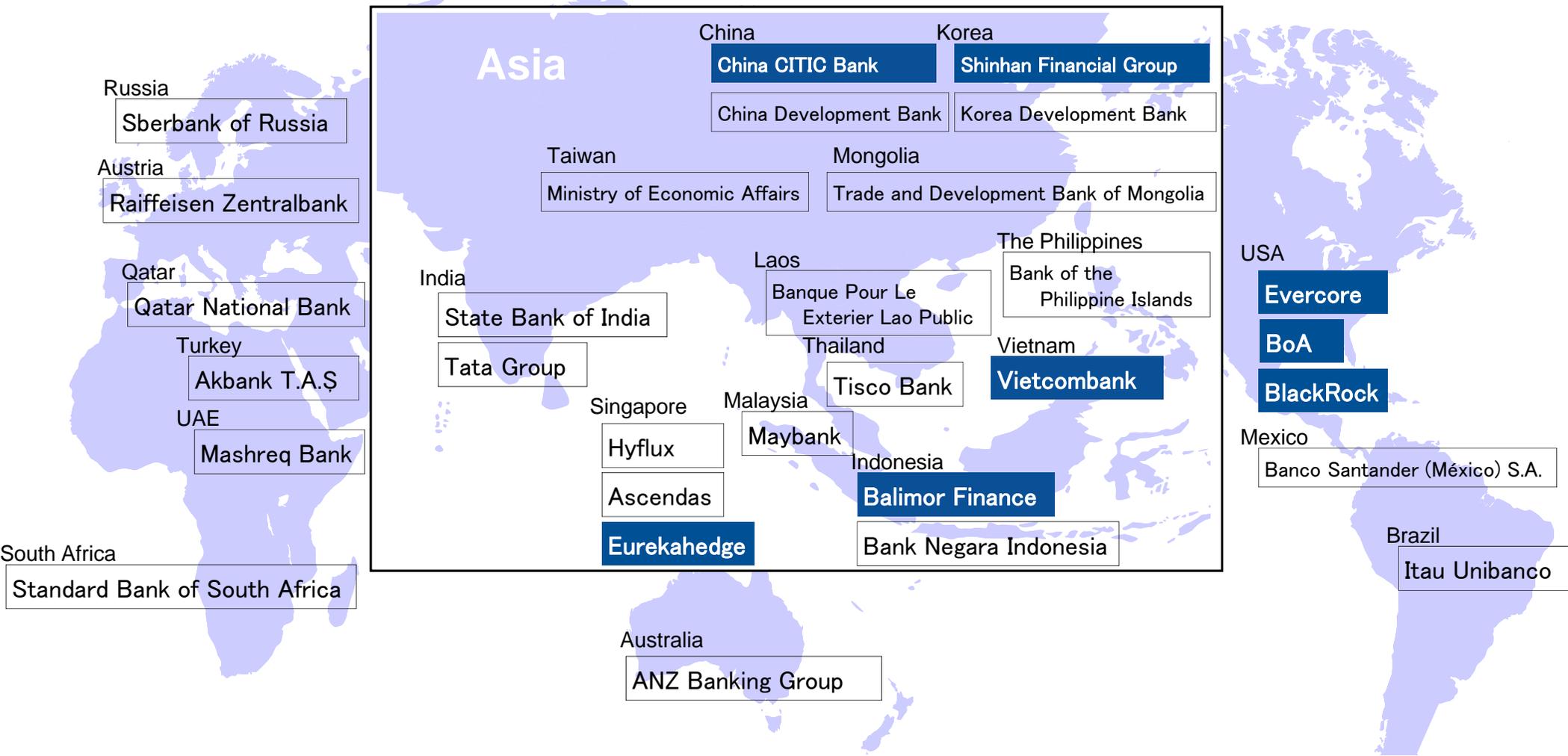
■ We will continue to consider advance establishment of offices in regions our customers are projected to expand into and regions that we expect to have potential/ongoing growth going forward.

(We have obtained approval for branches in Bangalore and Chennai, India, and approval to open a representative office in Phnom Pehn, Cambodia)



III-vii Expanding the Business Portfolio using Strategic Business Alliances

Pursue the best mix between organic and alliance strategies, considering market characteristics of countries and regions



*Alliance partners shaded in black indicate a capital alliance relationship.

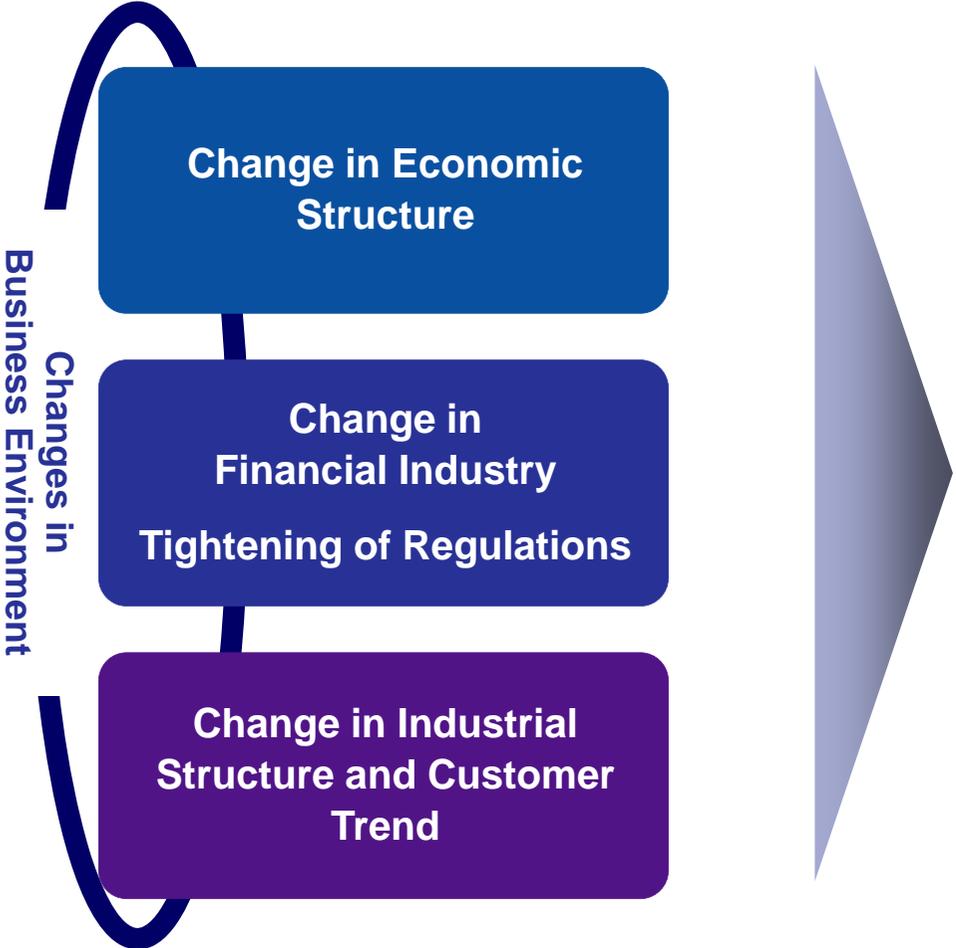
IV. Mizuho's medium-term business plan (One MIZUHO New Frontier Plan)

IV Mizuho's medium-term business plan (One MIZUHO New Frontier Plan) (1)

Global structural changes and financial industry's roles (Necessary elements for "New Frontier of Finance")

Significant changes in environment surrounding financial institutions

At a turning point regarding "what the mission of financial institutions ought to be"



- ### Necessary elements for "New Frontier of Finance"
- (1) Focus on real customer demand ("client-oriented")
 - (2) Sophisticated risk-taking and strengthened financial intermediation
 - (3) Globalization
 - (4) Abundant liquidity and appropriate capital level
 - (5) Strong corporate governance supported by strong corporate culture

IV Mizuho's medium-term business plan (One MIZUHO New Frontier Plan) (2)

Mizuho's unique approach to the necessary elements for the "New Frontier of Finance"

Mizuho's Vision

The most trusted financial services group with a global presence and a broad customer base, contributing to the prosperity of the world, Asia, and Japan.

Necessary Elements for the New Frontier of Finance

- (1) Focus on Real Customer Demand (Client-Orientation)
- (2) Sophisticated Risk-taking and Strengthened Financial Intermediary Function
- (3) Globalization
- (4) Abundant Liquidity and Appropriate Capital Levels
- (5) Strong Corporate Governance supported by Strong Corporate Culture

<Five Basic Policies>

- Group** 1. Further develop integrated strategies across the group for each customer segment to respond to the diverse needs of our customers
- Growth** 2. Contribute to sustainable development of the world and Japan by proactively responding to change
- Global** 3. Mizuho Means Asia: accelerate globalization
- Ground work** 4. Build strong financial and management foundations to support the essence of Mizuho
- Govern-ance** 5. Form strong corporate governance and culture in the spirit of One MIZUHO

Future Direction based on our Analysis of Mizuho's Current Situation

- (1) Provide unified group solutions by thoroughly promoting sharp bank-trust-securities strategy for each customer segment
- (2) Further develop strengths by focusing actions on growth markets and businesses in which we have competitive advantages, and boost market share in strategically important businesses
- (3) Build a group earnings structure combining both stability and growth
- (4) Enhance profitability by improving group management efficiency and realizing overall group optimization, and secure sufficient levels of capital
- (5) Strengthen the Mizuho brand through actions such as improving customer service

Thank You

This presentation includes future projections such as business strategy and numerical targets. These projections include assumptions made based on information available at the time of preparation of this presentation and uncertain factors that may impact future projections such as business strategy and numerical targets. These projections and assumptions are not guaranteed to be realized in the future and may significantly differ from actual results.

Items related to future projections such as business strategy and numerical targets also reflect our recognition at the time and include certain risks and uncertainties.

Except where required under regulations for listed securities stipulated by the Tokyo Stock Exchange etc., Mizuho does not constantly revise or update its future projections such as business strategy and numerical targets in the event of the occurrence of new information or events or for any other reason, nor does it have any responsibility to do so.