

Corporate Banking Company



Masato Tsutsui
President, CBC



Our Strategy

"Our objective is to offer services with the best quality and to win the complete trust of our customers."



Message from the Company President

The Corporate Banking Company (CBC) is responsible for major corporate customers, financial institutions and government agencies. The services required by customers in these market segments are becoming more and more sophisticated and broad ranging as deregulation and advances in technology proceed. Another important trend is that customers have become more selective in their choice of the financial institutions they use for individual products and services.

The CBC is responding to the severe changes in the operating environment by accelerating its decision-making processes and drawing fully on the

comprehensive capabilities of other Customer Segment-Based Business Management Companies and associated companies in the DKB Group to respond quickly and accurately with high-value-added financial services. On the other hand, by working to obtain margins appropriate to the value of DKB's services and risk/cost considerations, the CBC is endeavoring to ensure the soundness of its operations as well as develop mutually advantageous, long-term relationships with customers.

In fiscal 1999, the CBC structured a number of financial arrangements that were highly regarded in the market. These included real estate securitization schemes for JUSCO Co., Ltd. and MORINAGA

CBC Performance

	Fiscal 1998	Fiscal 1999	(¥ billion) Change
Gross Profit	¥102.8	¥119.9	¥ 17.1
Domestic Major			
Companies	88.5	108.0	19.5
Interest	63.5	81.3	17.8
Fees and Foreign			
Exchange	25.0	26.7	1.7
Overseas Japanese-			
Affiliated Companies	14.3	11.9	(2.4)
Expenses	39.8	35.4	(4.4)
Net Operating Profit	63.0	84.5	21.5
Ordinary Profit (Loss)*	(331.7)	(112.5)	219.2
ROE (%)	(38.2)	(15.0)	23.2

*Ordinary Profit (Loss) is Net Operating Profit less Credit Cost (Reserve for Possible Loan Losses and other credit-related losses).

& CO., LTD.; the provision of domestic and overseas commitment lines for Fujitsu Limited; and the syndication of a term loan for Cable & Wireless Ltd. In fiscal 2000, the CBC is continuing to offer similar services, while also responding to customer needs for higher-value-added services that assist customers in responding to changes in Japan's accounting practices.

In conclusion, fall 2000 will witness the birth of the Mizuho Financial Group. The CBC will work to realize maximum benefits from the broad and strong customer base—which will be the greatest merit of the consolidation. We will also work to take full advantage of the mutually complementary areas of strength of the three banks and the synergies that will be created by the consolidation of the domestic and international networks of the consolidating banks. Our objective is to realize the synergies of our consolidation before other financial groups and thereby offer services of the highest quality and win the complete trust of our customers.

Review of Businesses

Responding to Increasingly Sophisticated and Diverse Customer Needs

The requirements of the customers of the CBC are becoming increasingly sophisticated and diverse. To respond quickly and accurately to these needs, the CBC works closely with specialist sections, including DKB's Market & Trading Company and the International Banking Company, and is endeavoring

to upgrade its systems to provide customers with high-value-added proposals.

To keep abreast of changing customer needs, the CBC regularly convenes internal customer review meetings, which focus not only on funding and fund management but also consider various management issues. These may include entry into new businesses, the expansion of sales channels and methods to rationalize sales activities, how customers can best deal with accounting changes, such as the transition to consolidated financial statements and market price accounting rules and how to raise bond ratings assigned by external rating agencies. In these meetings, staff in charge of the customer account and specialist staff from the Head Office analyze together issues from the customer's point of view. The objective of these meetings is to provide proposals to customers for optimal solutions to their management problems, including what functions and services DKB can offer. Specific assistance includes providing information on entering new business areas, proposals for potential M&A opportunities and alliances, as well as suggestions for asset securitization schemes to streamline customers' balance sheets.

Syndicated Loans in Japan

Syndicated loans are an established funding method in Europe and the United States, and, in recent years, their usage has expanded rapidly in Japan. In addition, the implementation of the Law concerning Contracts for Specified Lending Commitment Lines in March 1999 has further stimulated the usage of syndicated loans for funding.

The syndication method has many merits for corporations because it allows them to raise substantial amounts of funds, helps them in diversifying their funding sources and contributes to increasing the efficiency of financing operations. Drawing on its extensive experience in arranging syndications overseas, DKB was one of the first Japanese banks to apply this method to domestic corporations and has secured the position of market leader, rapidly expanding its list of syndications in this steadily growing market.

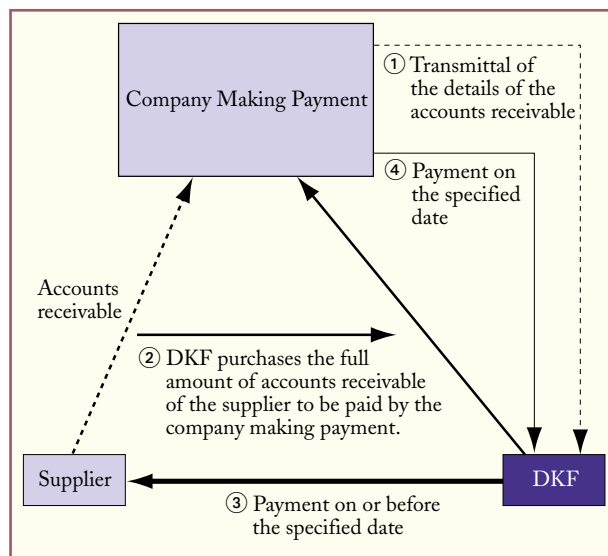
In fiscal 1999, DKB ranked number one in the domestic loan syndication market both in terms of the total amount and number of syndications arranged. Since the beginning of fiscal 2000, DKB has steadily added to its accomplishments in this area.

Examples of Syndicated Loan and Commitment Line Arranged for Fujitsu

Fujitsu Limited was in the process of considering repayment of a portion of its interest-bearing debt with available cash and concentrating its banking transactions with a smaller number of institutions. DKB proposed that, along with debt repayments, Fujitsu arrange for a syndicated loan and commitment line. DKB received the mandate for a major syndicated loan and commitment line with a total value exceeding ¥250 billion. Approximately 30 financial institutions having transactions with Fujitsu participated in the arrangements. As a result, Fujitsu was able to reduce its interest-bearing debt and financial costs and receive other benefits, including rationalization of its borrowing operations.

DKF Comprehensive Factoring Service

To respond to customer needs for a reduction in the volume of promissory notes that must be issued and to improve the efficiency of note processing operations, DKB has introduced the DKF Comprehensive Factoring Service, and it has been well received by customers. Under this service, the accounts receivable held by suppliers to DKB's customers are purchased in full by Dai-Ichi Kangin Factoring Co., Ltd. (DKF), a consolidated subsidiary. As a result of the introduction of this service, the volume of customer accounts payable can be reduced, and DKF can respond to the financing needs of suppliers prior to the date of payment. The superiority of this financial product has been recognized,



*Dai-Ichi Kangin Factoring (DKF): Under this service, DKF, a DKB subsidiary, buys the receivables held by suppliers of its corporate customers, thus reducing the need to issue promissory notes and providing indirect financing for customers.

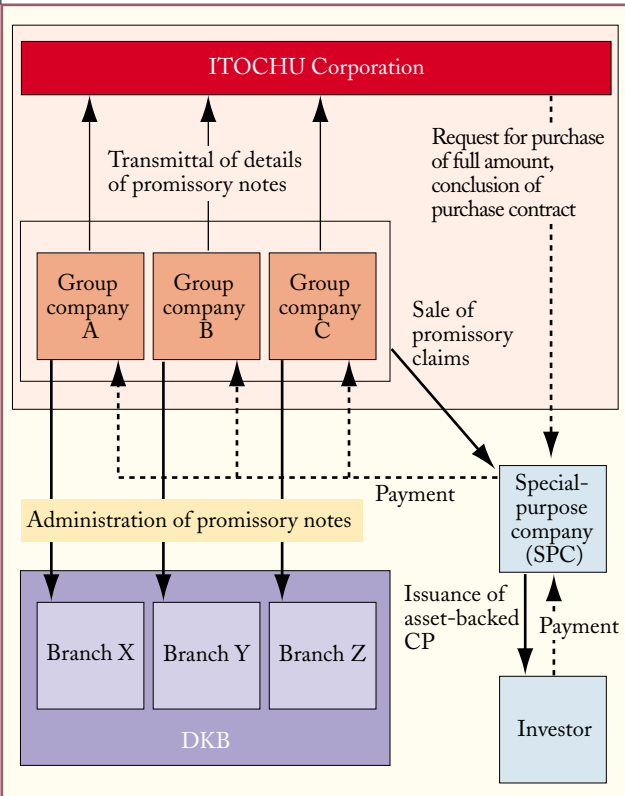
and, as of March 31, 2000, 56 leading companies and approximately 12,000 of their suppliers were making use of the service.

Securitization

The securitization market is rapidly growing in Japan because of the need to reduce the volume of assets and interest-bearing debt. This need was generated by the introduction of the new consolidated financial accounting standard in Japan. In addition to conventional trade receivables securitization, DKB offers aggregated trade receivables of affiliated companies, real estate and other types of asset securitization techniques to meet various and sophisticated customer needs.

Comprehensive Promissory Note Securitization Program for the ITOCHU Group

ITOCHU Corporation, one of Japan's leading trading companies, had been securitizing portions of promissory notes received from its customers. With the introduction of consolidated financial statements as the new standard of financial accounting in Japan, ITOCHU needed to reduce the size of its assets by securitizing the full outstanding balance of promissory notes held by ITOCHU group companies. DKB responded by developing a new technique to accurately meet these needs. Under this technique, any ITOCHU subsidiary can bring its promissory notes to designated DKB branches for securitization. DKB also introduced statistical techniques to analyze the credit risk inherent in the overall portfolio of promissory notes and is now providing optimal securitization services for the ITOCHU Group.



Securitization of Real Estate to Facilitate New Store Development for JUSCO

JUSCO Co., Ltd.—one of Japan's leading supermarket chains—called on DKB to develop financial arrangements without increasing debt on the balance sheet while allowing it to continue operations in large-scale shopping centers. DKB proposed a securitization scheme for the pool of shopping centers. Under this scheme, a special-purpose company (SPC) will obtain newly developed properties and rent these to JUSCO. The SPC will obtain funding through the issuance of bonds and long-term loans. One of the features of this scheme that has drawn attention is a strategy for off-balancing treatment from the design stage of the project.

