

# Shinko Securities Distinguishes Itself in the Evolving Capital Markets of Japan

*Five years since its landmark merger, Shinko Securities continues to enhance its presence in Japanese capital markets. Leveraging its position as a member of the Mizuho Financial Group, Shinko has positioned itself for further soaring growth.*

## Administrative reforms contribute to improved profits

Shinko Securities has achieved a conspicuous improvement in its profits as evidenced by its financial results for the year ended in March 2004. On a consolidated basis, Shinko declared a 43% year-on-year increase in revenues to 114,967 million yen and net income turned around from a 32,307 million yen loss in the preceding year to a gain of 15,614 million yen.

This strong performance has been maintained and strengthened upon this year. According to the consolidated quarterly figures for April to June 2004, revenues totaled 31,990 million yen, a 1% sequential increase, and net income totaled 6,312 million yen, a 61% sequential increase.

## Delivering a full line of securities nationally

Shinko Securities was born in April 2000 through a merger of New Japan Securities and Wako Securities, both firms with proven histories and solid reputations. These two firms had enjoyed a close relationship with the Industrial Bank of Japan (presently Mizuho Bank and Mizuho Corporate Bank), an institution deeply affiliated with corporate

finance and the securities market from before World War II.

President Takashi Kusama states, "Japanese corporate finance before and after World War II centered on indirect finance with banks as the intermediary, and securities companies depended on stock trading for their earnings. Shinko distinguishes itself as a traditional, yet unique, securities firm that combines strength in the stock market with the refined expertise of a bank."

Shinko follows a business model in which it strives to be a comprehensive securities firm with integrated wholesale and retail services. Shinko uses its nationwide network of 93 branches to focus its securities business on retail and middle markets, and also conducts a distinct wholesale business. Shinko aims to apply this model to providing high quality services to a broad range of customers.

## Collaborating with regional banks in IPO services

Shinko Securities' strength with medium and emerging companies in the middle market is particularly evident in its stock underwriting service. Using its IPO underwriting service as an example, Shinko ranked third in the number of IPOs in which it served as lead manager and fourth in the underwritten amount, as well as first in underwriting for the three emerging markets. This dramatic growth continued in the first quarter of fiscal 2004 (April to June) in which Shinko ranked second in the number of IPOs in which it served as lead manager.

As a means for reinforcing IPO services for small and medium-sized firms, Shinko has pioneered the creation of resilient alliances with regional banks. In March 2004, the Financial Services Agency authorized the provision of IPO consulting by banks. Through these services, banks receive fees for introducing IPOs for small and medium-sized companies. Furthermore, financial institutions will officially be allowed to provide security brokering services from December 2004. In response to this new business environment, Shinko is proactively marketing its services to regional banks with a newly formed team

specializing in providing securities brokering and IPO consulting.

President Kusama explains, "Deregulation is creating business opportunities for both securities companies and banks. Regional banks introduce promising IPO clients to us for whom we provide stock underwriting services when they are listed. We will also have regional banks handle orders for share trading." Shinko has already concluded alliance agreements with two banks – Chiba Kogyo Bank and Kiyo Bank – for IPO consulting and plans to conclude service cooperation agreements with around twenty regional banks during the current fiscal year.

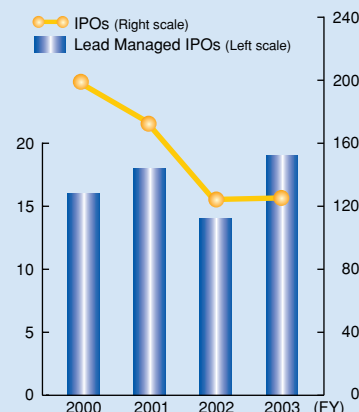
## Reinforcing the alliance with the Mizuho Financial Group

Shinko Securities is reinforcing alliances with other members of the Mizuho Financial Group, a leading financial group of Japan, to heighten both the services it provides to customers and its market presence. Shinko concluded an operational alliance with Mizuho Securities in December 2002 and has since jointly marketed underwriting services with the firm. Efforts in this endeavor led to our first co-lead management; a 10 billion yen equity finance project for Hokuetsu Bank.

As a symbol of its alliance with Mizuho Bank, Shinko opened its first joint branch in March 2004, Customer Plaza Marunouchi. Shinko will use this and other activities as it effectively applies Mizuho Financial Group's comprehensive power to provide high quality financial services.

President Kusama declares, "Shinko is celebrating its fifth anniversary since being created from the landmark merger of its two heritage firms. Shinko is taking this opportunity to further demonstrate a strong and distinguished role in the evolution of Japanese capital markets."

The Number of IPOs in Japan and Lead Managed Deals by Shinko Securities



 **Shinko Securities**

Code number 8606

[www.shinko-sec.co.jp/english/comp.html](http://www.shinko-sec.co.jp/english/comp.html)