

# Shinko Securities Raises Its Profile in Japan's Capital Markets

*Five years since its historical merger, Shinko Securities continues to enhance its presence in the Japanese capital markets, displaying particular strength in underwriting IPOs for medium-sized and newly emerging companies.*

## Business model emphasizing integrated services

Shinko Securities is a prominent member of the Mizuho Financial Group, one of the largest financial groups in Japan. Shinko was born in April 2000 through a merger of New Japan Securities and Wako Securities. These two firms had 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 for more than six decades.

Shinko follows a business model in which it strives to be a comprehensive securities firm with integrated wholesale and retail services. Deploying its network of 94 branches nationwide, it focuses on the retail and middle segments of the securities markets while also providing a full set of distinctive wholesale services. Shinko

aims to deliver high-quality services to a broad range of customers by applying this model.

With noted expertise in the middle market serving medium-sized and newly emerging companies, Shinko has a clear advantage in underwriting share issues. In the June 2005 quarter (April — June 2005), Shinko lead-managed IPOs by eight companies, ranking it second after Nomura Securities. On a value basis, Shinko ranked third, underwriting offerings worth ¥6.5 billion in the quarter, for an 8.81% market share.

## Innovative strategies to attract IPO customers

Shinko is steadily expanding its share of the IPO underwriting market. In fiscal 2004 (year ended March 2005), it underwrote 20 issues, for a total value of ¥63.2 billion, ranking it fourth in the industry. Shinko's market share rose from

4.44% in fiscal 2003 to 6.05% in fiscal 2004. Shinko is taking advantage of this strong underwriting performance to offer new products that contribute to revitalize its retail business.

Shinko is pursuing a wide range of initiatives aimed at strengthening its equity underwriting services for medium-sized and newly emerging companies. For example, it set up a Venture Corporate Research Department dedicated to research on unlisted companies. The new department is fulfilling an important role in identifying potential corporate clients. Shinko's Digital Information Industry Department, which mainly covers the IT sector, is making excellent progress in identifying potential IPO candidates. Also, the Shinko Bio Symposium, held annually, has been warmly acclaimed among biotechnology-related companies.

## Active alliances with regional banks

Seeking to further expand its underwriting business, Shinko has taken the lead in the industry in forming alliances with regional financial institutions. In the spring of 2004, the Financial Services Agency authorized banks to provide IPO consulting services. Consequently, banks can now receive fees for introducing small and medium-sized IPO candidate companies to securities firms. Since December 2004, banks have also been allowed to provide securities intermediary (brokering) services.

Responding to this new environment, Shinko is proactively marketing its services to regional banks with a newly formed team specializing in securities intermediary and IPO consulting services. As of June 31, 2005, Shinko had IPO consulting agreements with 46 regional banks, ranking it at the top of the industry in terms of agreement numbers. Shinko expects that these alliances will prove fruitful in broadening its IPO underwriting business in the future.

## IPO Lead-manager deals 1st Quarter, Fiscal 2005

 GMO Payment Gateway, Inc. Mothers 3769	 Alive Community Co., Ltd. Hercules 1400	 GREEN FOODS CO., LTD. Jasdaq 3367	 Asukanet Co., Ltd. Mothers 2438
 REICOF Co., Ltd. Hercules 8941	 SRG TAKAMIYA CO., LTD. Jasdaq 2445	 SYSTEM RESEARCH CO., LTD. Jasdaq 3771	 Naigai Tec Corporation Jasdaq 3374

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