

How Mizuho is powering clients to forge ahead in the Asian landscape

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Amidst macroeconomic uncertainty, it is vital for banks to support the structural transformation of client companies through specialized knowledge and strategies.

Mizuho Bank, one of the largest financial institutions in Japan, has consciously grown responsive to emerging needs in the aftermath of the COVID-19 pandemic. Various changes are taking place, such as increased geopolitical risks, adjustments to supply chains in response, and heightened awareness of sustainability – or environmental, social, and governance (ESG) needs.

In this context, Mizuho Bank has focused on catering to a diverse network of customers – from state-owned enterprises and corporate clients to startups.

Road to sustainability

In July 2021, Mizuho became the first Japanese financial institution to join the Partnership for Carbon Accounting Financials (PCAF) global initiative.

"The PCAF enables financial institutions to measure the greenhouse gas emissions of their loans and investments. It has become imperative for companies to make economic growth compatible with decarbonization," says Yasuhiro Kubota, Managing Executive Officer & CEO for Asia & Oceania (excluding East Asia), Mizuho Bank.



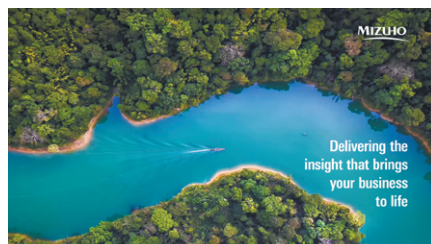
Mizuho Bank's Asia ESG team supports each branch's 'ESG accelerators' who lead and promote clients' engagement and compliance in the ESG field.

This expertise has been possible because the team is comprised of former sector bankers, employees of ESG-related NGOs and rating agencies, who are acquainted with how companies need to evolve their ESG policies, systems and measures. Furthermore, the team works closely with government agencies and is part of policy think-tanks to keep pace with the regulatory and scientific shifts in ESG.

"Research expertise in each industrial sector is part of Mizuho's DNA. We are applying this strength to ESG," Kubota says, citing its engagement with Perusahaan Listrik Negara (PLN), the state-owned electricity company in Indonesia, as an example.

PLN took an ambitious \$750 million green loan as one of the energy transition initiatives in Indonesia, a country that has set an objective of reaching net zero emissions by 2060.

Mizuho Bank tapped into its localized understanding of Asian companies, and knowhow of traditional industries, like energy. This played an instrumental role in winning the opportunity to be PLN's joint green loan coordinator, and the team then developed a strategy with PLN's leadership.



"There are many country-specific regulations, but we provide detailed support according to each situation," Kubota says.

The role of transition finance for projects that reduce carbon dioxide emissions is becoming important. This entails recognizing transition risks – credit risks related to financed clients who are impacted by more stringent carbon taxes, fuel efficiency regulations, or other policies – and operational risks related to reputational damage from financing fossil fuel projects.

Lending in the digital milieu

The second significant area of focus for Mizuho Bank has been digital finance and fintech by collaborating with startups. It is a limited partner in nine major Southeast Asian venture capital (VC) funds.

In December 2021, Mizuho Bank took an approximate 7.5% stake in M-Service, a leading digital payment company in Vietnam that operates the MoMo brand, which has more than half of Vietnam's mobile payment market.

Similarly, Mizuho Bank took an approximate 10% stake in Tonik Financial, a private digital bank in the Philippines, in February 2022. Currently, Mizuho is collaborating with them as a strategic investor. These new investments have built on Mizuho's decade-old investment in Vietcombank, the largest bank by market capitalization in Vietnam. Mizuho Bank has a 15% stake in Vietcombank. It is now looking at other potential investments in the region.

While Mizuho Bank benefits from the technical knowledge of its portfolio companies, it seeks to eventually extend its banking services to these ventures. One of its recent initiatives is a pitching event, where startup founders present their solutions to Mizuho Bank's corporate clients in Asia, to grow businesses together or foray into new markets.

Mizuho Bank will continue to be a financial institution that serves as a network for commercial activities – be it a global company's Asian subsidiary or a fast-growing startup – and to connect myriad companies seeking innovation with the ones that have the solutions.

