

Progress on the 5-Year Business Plan

5-Year Business Plan

Mizuho's 5-Year Business Plan for fiscal 2019 through 2023 is focused on transitioning to the next generation of financial services—building new forms of partnerships with our customers so that we can respond to their needs as the times change. This business plan aims to build a stronger and more resilient financial group which our customers can depend on in the coming era.

In addition to the megatrends such as digitalization, the declining birthrate and aging population, and globalization, the global spread of COVID-19 has triggered major, rapid changes in people's lifestyles and the state of the economy and society. In order to be a company that provides new value that goes beyond the conventional boundaries of finance in the coming era, we will steadily implement forward-looking structural reforms in three interconnected areas as we transition to the next generation of financial services.

Summary of initiatives up until fiscal 2020

The 5-Year Business Plan is composed of two phases. In the three-year period from fiscal 2019 to 2021 we will focus on the full implementation of the structural reforms, building the foundations for the next generation of financial services.

We have been making steady progress on the strategies outlined in the 5-Year Business Plan since the first year. In the second year (fiscal 2020), when faced with the unprecedented changes in the business environment arising from the COVID-19 pandemic, we further advanced our strategies and achieved strong performance, exceeding our initial targets. As for our financial results, Consolidated Net Business Profits for fiscal 2020 were ¥799.7 billion. In customer divisions, we surpassed our performance for fiscal 2015, the last fiscal year before the introduction of negative interest rates in Japan, reaching the highest level of profits since the introduction of our in-house company system in fiscal 2016. Additionally, we significantly exceeded the 5-Year Business Plan's initial target of ¥700 billion for fiscal 2021, reaching this level a year in advance.

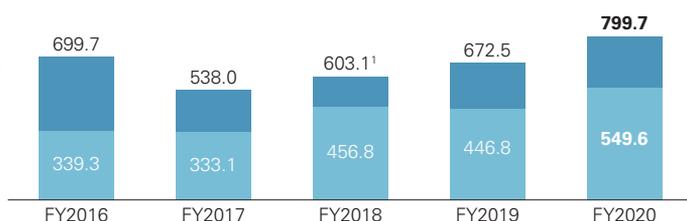
In order to maintain the momentum of this growth, it is essential that we align ourselves with customers' needs amidst the pandemic as well as in the new world which will emerge after the pandemic, steadily advancing business structure reforms in order to build new partnerships with our customers. Fiscal 2021, the third year of the 5-Year Business Plan, is a crucial year for us to further advance the steady progress we are making on our initiatives and connect them to continued growth. While adeptly responding to changing customer needs, we will steadily advance our structural reforms.

Consolidated Net Business Profits

(¥ billion)

Consolidated Net Business Profits

Of which, customer divisions²



1. Prior to recording one-time losses of ¥194.7 billion in light of structural reforms.
2. Total for the Retail & Business Banking Company, Corporate & Institutional Company, Global Corporate Company, and Asset Management Company. (Past fiscal year results were recalculated based on fiscal 2020 management accounting rules.)

5-Year Business Plan: Transitioning to the Next Generation of Financial Services

Basic policy

Implement forward-looking structural reforms focused on three interconnected areas: business structure, finance structure, and corporate foundations

Resolve the mismatch that has arisen in the allocation of corporate resources and respond to new customer needs in order to transition to the next generation of financial services

Key strategy

Go beyond the conventional boundaries of finance and create new value incorporating both financial and non-financial products and services in order to forge new forms of partnerships with our customers

Open & Connected

Passionate & Professional

Draw on the strengths that Mizuho has cultivated thus far

1 Customer base, network, trustworthiness & dependability

2 Financial functions, market presence, ability to respond to non-financial needs

3 Approach business as a unified group

Accelerate our digitalization initiatives and proactive collaboration with external partners

Our objective

Build a stronger and more resilient financial group which our customers can depend on in the coming era

Three areas of structural reform

We are implementing business structure reforms which draw on Mizuho's strengths in order to address structural issues in the economy, industry, and society in addition to implementing finance structure reforms to transition to more flexible business and revenue structures to respond to changes in the business and competitive environments. We are also implementing corporate foundations reforms to support the continued competitive advantage of our business.

■ Business structure reforms

Structural changes to the economy and society—such as digitalization, the declining birthrate and aging population, and globalization—are accelerating as we look ahead to the post-COVID-19 era. In light of this external environment, in May 2021 we reorganized our branch network to have separate operational frameworks for retail customers and corporate clients, establishing a structure for responding to customers' unique needs in a more specialized way.

We also reorganized our industry-specific operational frameworks for banking and securities, which serve large corporate clients, into five industry groups composed of industries with mutual affinities. We will leverage this framework to further strengthen our ability to make proposals, which will enable us to strongly support clients' business structure transformation in light of shifts in industry structure after the pandemic and the movement towards a sustainable society. Outside of Japan, we are steadily capturing business opportunities from multiple angles by focusing our corporate resources on about 300 blue-chip corporate groups worldwide having stable credit and potential for ancillary transactions via our Global 300 strategy, which is a key strength.

Reference → For details on the specific business structure reforms, refer to the in-house company sections in this report (starting from P37)

■ Finance structure reforms

By reallocating corporate resources and strengthening our stable revenue base, we are working to transition to a more effective business portfolio well-suited to capture stable revenue. Our CET1 capital ratio has increased to 9.1% on a Basel III finalization basis, reaching our 5-Year Business Plan target level of the lower end of the 9 - 10% range.

Reference → For the finance structure reforms refer to the Message from the Group CFO beginning on P27

■ Corporate foundations reforms

Mizuho Research & Technologies, which consolidates and integrates our research, consulting, and IT functions into a single core group company supporting non-financial domains, was formed through a merger in 2021. Mizuho Research & Technologies will go beyond the boundaries of a thinktank or IT system development company and collaborate with each in-house company in order to create new added value by providing a combination of financial and non-financial services to meet the diverse needs of our clients and society.

As for our HR strategy, we are making steady progress on the transition to a new group-wide HR framework that supports our business strategy. Also, in light of the COVID-19 pandemic, we are implementing initiatives to support flexible and diverse workstyles.

Reference → For details on our HR strategy, refer to the Employee engagement section starting on P65

Reference Quantitative overview of our fundamental structural reforms

We are expanding our fundamental structural reforms initiatives announced in November 2017, and despite the impact of the COVID-19 pandemic in fiscal 2020, we are making solid progress on all of our initiatives. Although we have achieved a level of success, there is still much more to accomplish and we will continue to advance these structural reforms.

		FY2020		FY2021	FY2023	FY2024	FY2026
(estimates)		Target	Results				
Workforce	Reduction of approx. 19,000 people Approx. 80,000 people (compared to the end of March 2017)	-8,000 people	-8,000 people	-8,000 people		-14,000 people	-19,000 people
			On track				
Japanese branch network	Reduction of approx. 130 branches Approx. 500 branches (compared to the end of March 2017)	-80 branches	-81 branches	-100 branches		-130 branches	
			-1 branch				
Expenses	Reduction excl. amortization expenses related to the new core banking system Reduction of approx. ¥140 billion¹ ¥1.47 trillion ² (compared to FY2017 ³)	-¥106 billion ⁴	-¥118 billion ⁴	-¥120 billion		-¥140 billion	
			-¥12 billion				

- Reduction excl. amortization expenses related to the new core banking system.
- Group aggregate. New management accounting rules were applied from FY2019. Amount prior to change: ¥1.45 trillion.
- Compared to estimate for FY2017 at the announcement of the fundamental structural reforms (Nov. 2017).
- Excluding the effect of foreign exchange.

Message from the Group CEO
About Mizuho
Message from the Group CFO
Our strategies for creating value
Foundations for our corporate value
Data section
Appendix