

Global Markets Company Investors

As a partner with expert knowledge of market mechanisms and the ability to draw on a range of intermediary functions, we will further integrate our banking, trust banking, and securities capabilities to offer the best products and services for our clients' varied needs.



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Basic policy

The Global Markets Company engages in sales and trading (S&T) in order to provide clients with market product-based solutions, and we also conduct banking operations, including asset and liability management, securities investment, and other related activities.

We have set out a basic strategy to develop a framework for offering optimal products and services, as well as to strengthen

our market presence, as part of maintaining our status as one of Asia's major players in global markets.

In our S&T operations, by optimizing our global network and products framework, we will draw on a broad range of intermediary functions. In our banking operations, we will enhance the sophistication of our flexible ALM and portfolio management while maintaining a focus on achieving a balance between realized gains and unrealized gains/losses.

Business environment and challenges

According to projections from the International Monetary Fund, the immense impact of the global outbreak of COVID-19 will cause global economic growth in 2020 to be -4.9%, representing a significant contraction. Global financial markets are seeing a rise in risk aversion, while around the world governments and central banks are implementing economic stimulus and liquidity measures in an attempt to stabilize markets and rein in economic uncertainty. These factors have created an extremely challenging investment environment. In addition, the structure of the market appears to be undergoing considerable changes

due to the tightening of global financial regulatory standards, the emergence in financial markets of algorithmic trading and passive funds, and other trends.

In this environment, we will strive to consistently respond to our clients' increasingly varied risk hedging needs and investment needs. At the same time, in our banking operations, we will enhance the sophistication of our ALM and portfolio management through flexible asset allocation.

Trends in performance

We made solid progress on our various projects and accurately accounted for market fluctuations in our ALM and portfolio management. As a result, our fiscal 2019 Net Business Profits came to ¥198.9 billion, exceeding our target for the first fiscal year of the 5-Year Business Plan. Going forward, in our S&T operations, we will complete our strategy for integration of our banking and securities operations and, in doing so, realize

strategic effects and pursue efficiency. In our banking operations, we will improve our fundamental earnings power, maintain our early warning indicator management, and apply high-level market analysis to manage our portfolio flexibly in line with changes in the market environment. Through these efforts, we expect to achieve Net Business Profits of ¥218 billion in fiscal 2020.

(Group aggregate, management accounting basis, rounded figures, ¥ billion)

	FY2018	FY2019		FY2020
	Performance	Performance	Year-on-year	Targets
Gross Profits	192.4	410.1	217.8	432.0
Net Business Profits	(17.4)	198.9	216.3	218.0

1. Gross Profits and Net Business Profits include Net Gains Related to ETFs.

2. Results are based on FY2019 management accounting rules, targets are estimates based on FY2020 management accounting rules.

Key strategies

■ Advance global management

We will improve our price competitiveness and ability to provide solutions by completing the integration of banking and securities bases in each region and strengthening global collaboration between banking and securities services. We will also leverage the broad client base that we have developed

through our commercial banking business to further focus on and expand our securities business. In doing so, we will facilitate the realization of a positive cycle of funding between financial market participants and further raise our global market presence.

Related SDGs



■ Enhance the sophistication of our ALM and portfolio management

We will strengthen our risk-taking capabilities both by enhancing our early warning indicator management to anticipate changes in market conditions in advance and by enhancing the sophistication of our asset allocation. While paying attention to changes in the global economic and investment environment, we will engage in portfolio management with a focus on achieving a balance between

realized gains and unrealized gains/losses and make investment decisions with consideration for ESG areas and the SDGs. With respect to ALM, we will positively contribute to Mizuho's overall business strategy through robust balance sheet management supported by more global and efficient cash flow operations and diversified funding sources.

Related SDGs



■ Build markets infrastructure and develop digital innovation professionals

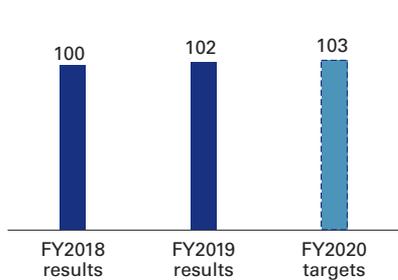
In order to continue providing high quality services to our clients in the future, we are allocating our corporate resources strategically towards building next-generation trading rooms, market IT systems, and market back offices in line with technological advancements. In this way, we are upgrading our

infrastructure, reducing our costs, and maintaining and heightening our competitiveness. Moreover, we are improving our employees' digital literacy and supporting the growth and development of professionals with a high level of expertise in line with our new HR system reforms.

Related SDGs

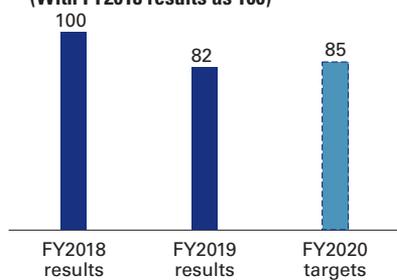


■ Sales & trading-related revenue (With FY2018 results as 100)



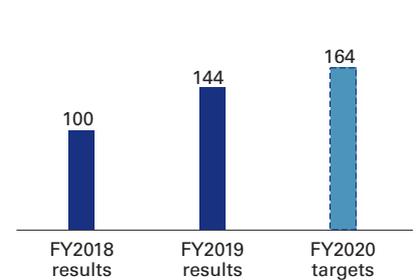
Internal management accounting basis

■ Volume of Asian/emerging market currency transactions (With FY2018 results as 100)



Internal management accounting basis

■ Volume of interest rate derivatives (With FY2018 results as 100)



Internal management accounting basis

Highlights

Joint development of IT system applying cutting-edge technology to chart analysis

In the data analysis practicum program of the Data Scientist School in the Graduate School of Information Science and Technology at the University of Tokyo, the graduate school, Mizuho Bank, and Mizuho Information & Research Institute developed an algorithm employing deep learning to uncover similarities in the chart shapes of recent and past time periods. The algorithm analyzes charts in almost the same way human beings do and enables quicker analysis than human beings can perform. Mizuho Bank has already begun using the algorithm in our market operations.



Highlights

Development of autoquote system for Japanese Government Bonds

With electronic trading accounting for an increasing share of Japanese Government Bond trading volume, Mizuho Securities developed a system to automate quotes (autoquotes) for electronic trading inquiries and began using it for trades that fulfill certain conditions. By allowing for rapid quote provision, autoquotes are improving convenience and operational excellence. Going forward, we will continue to develop and enhance such functions and aim to further secure our competitive advantage.

