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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.

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 fund raising and portfolio management. 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.

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

Strengths

- ✓ S&T operations: Unified management framework across Mizuho Bank and Mizuho Securities, adapted to the characteristics of each region, our diverse customer base, and our capacity for providing solutions
- ✓ Banking operations: Capacity for risk management, especially global ALM management and flexible portfolio management incorporating predictive management and advanced methods of analysis

External business environment

Risks and opportunities

Risks

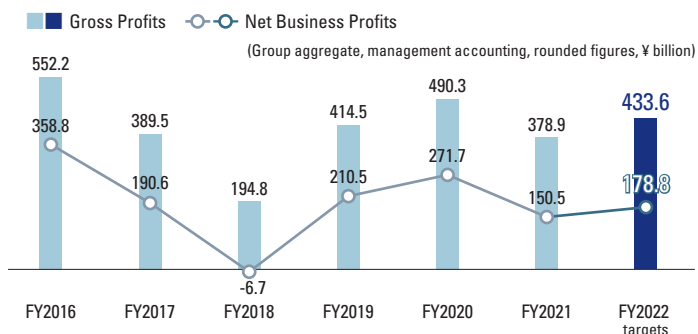
- Financial market turmoil and changes in the foreign currency liquidity business environment due to sudden monetary tightening at central banks in various countries
- Prolonged supply constraints, geopolitical risk, and surging resource prices leading to continued high global inflation

Opportunities

- Expanded opportunities to provide customers with solutions due to easing of Japan's firewall regulations
- Risk-taking in response to changes in the market environment

Review of fiscal 2021

We integrated management of S&T banking and securities entities in Japan, Europe, and the US, and strengthened our solutions-based approach for responding to diverse customer needs. In our banking business, we conducted flexible risk control of our portfolio and supported our clients' global business through stable and effective Japanese yen and foreign currency capital raising and investment. However, the flow (S&T) side of our stock and flow business was relatively slow, and the second half of the fiscal year saw US interest rate hikes of a historic pace and breadth due to sudden US monetary policy changes made in response to accelerating inflation. These factors contributed to our fiscal 2021 Gross Profits and Net Business Profits falling short of fiscal 2020 results.




1. Gross Profits and Net Business Profits include Net Gains related to ETFs.
2. Results are based on FY2021 management accounting rules, targets are estimates based on FY2022 management accounting rules.

Global Markets Company

Key strategies


ALM management and flexible risk control responding to changes in the market environment

Amid extensive shifts in financial markets, we will positively contribute to group-wide business strategy by carrying out ALM management that is both stable and effective. Our efforts in this regard include conducting globally unified operations under the direct control of the treasury functions in various regions and promoting unified management of the Japanese yen and foreign currencies through actions such as utilizing abundant yen assets for stable foreign currency fund raising. For our portfolio management, we will focus on achieving a balance between realized gains and unrealized gains/losses. Also, while further enhancing our predictive management, we will utilize precise market analysis and ample risk reduction methods to flexibly control risk. In doing so, we will aim to defend our performance and maximize revenue.

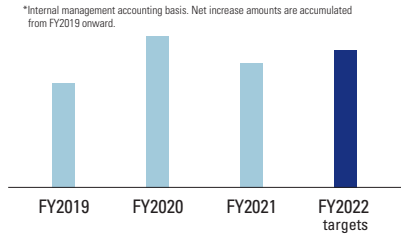
(Related materiality areas*) 

Enhancement of profitability through promoting the effective integration of S&T operations at Mizuho Bank and Mizuho Securities

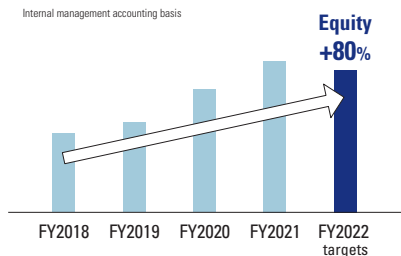
We will strengthen our solutions-based approach to meet wide-ranging market-related customer needs through advancing the effective integration of our banking and securities functions in each region. Further, in addition to strengthening our core global foundations by aggregating our foreign exchange risk books and by implementing Japan-US collaboration on equities, we will work to increase our global market presence and improve our profitability. We will do this by diversifying and stabilizing our business portfolio, expanding our product line, and giving attention to areas with abundant revenue opportunities, such as our US business.

(Related materiality areas*) 

Foreign currency funding amounts utilizing yen-denominated asset collateral*



Equity Gross Profits



Sustainability initiatives

We will diversify our ESG-related product range and proactively provide our clients with information while meeting businesses' hedging needs and investors' investment management needs and demonstrating our market intermediary functions. We will also take proactive steps towards the development of the carbon credit market in Japan.

Highlights

Expanding our US business

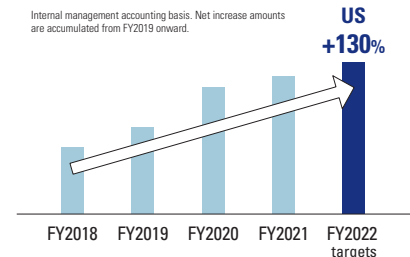
In the US, we deepened integration of our banking and securities business and CIB* framework management, and we made progress on diversifying our earnings base by expanding products such as equity derivatives and municipal bonds. As a result, in fiscal 2021, the scale of revenue in the US surpassed that of Japan for the first time. Going forward, while further growing the business we have established to date, we aim to continue seizing opportunities for growth, such as corporate derivatives and financing business opportunities.

*CIB: Business model that integrates Mizuho Bank and Mizuho Securities operations, and primary and secondary business.

Foreign currency banking operations under the sudden rise in US interest rates

In the second half of fiscal 2021, amid US interest rate hikes, we significantly reduced our amount of risk by selling bonds and hedging with derivatives. The first three months of 2022 saw the largest recorded increase in US 2-year/5-year interest rates in the last 30 years, representing a historic shift in the market environment. Even so, we were able to restrain the expansion of unrealized losses.

US Gross Profits



Foreign currency banking interest rate risk

