

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

## Overview of our new business plan

Our customers' needs and the financial industry are rapidly undergoing structural changes, reflecting the structural shifts occurring in the economy, industry, and society such as digitalization, an aging society with a low birthrate, and globalization. It is essential that we respond quickly to these structural changes, especially in light of increasing uncertainty in the business environment due to concerns regarding a global economic slowdown, signs of a turn in the credit cycle, and other factors.

In consideration of this environment and the issues we face, we announced a new business plan spanning a five-year period starting from fiscal 2019. The plan is titled 5-Year

Business Plan: Transitioning to the Next Generation of Financial Services.

As the name suggests, our new business plan 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. Our objective is to build a stronger and more resilient financial group which our customers can depend on in the coming era.

### 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**

#### Financial targets for FY2023

Consolidated ROE<sup>1</sup>

Approx. 7 – 8%

Consolidated Net Business Profits<sup>2</sup>

Approx. ¥900 billion

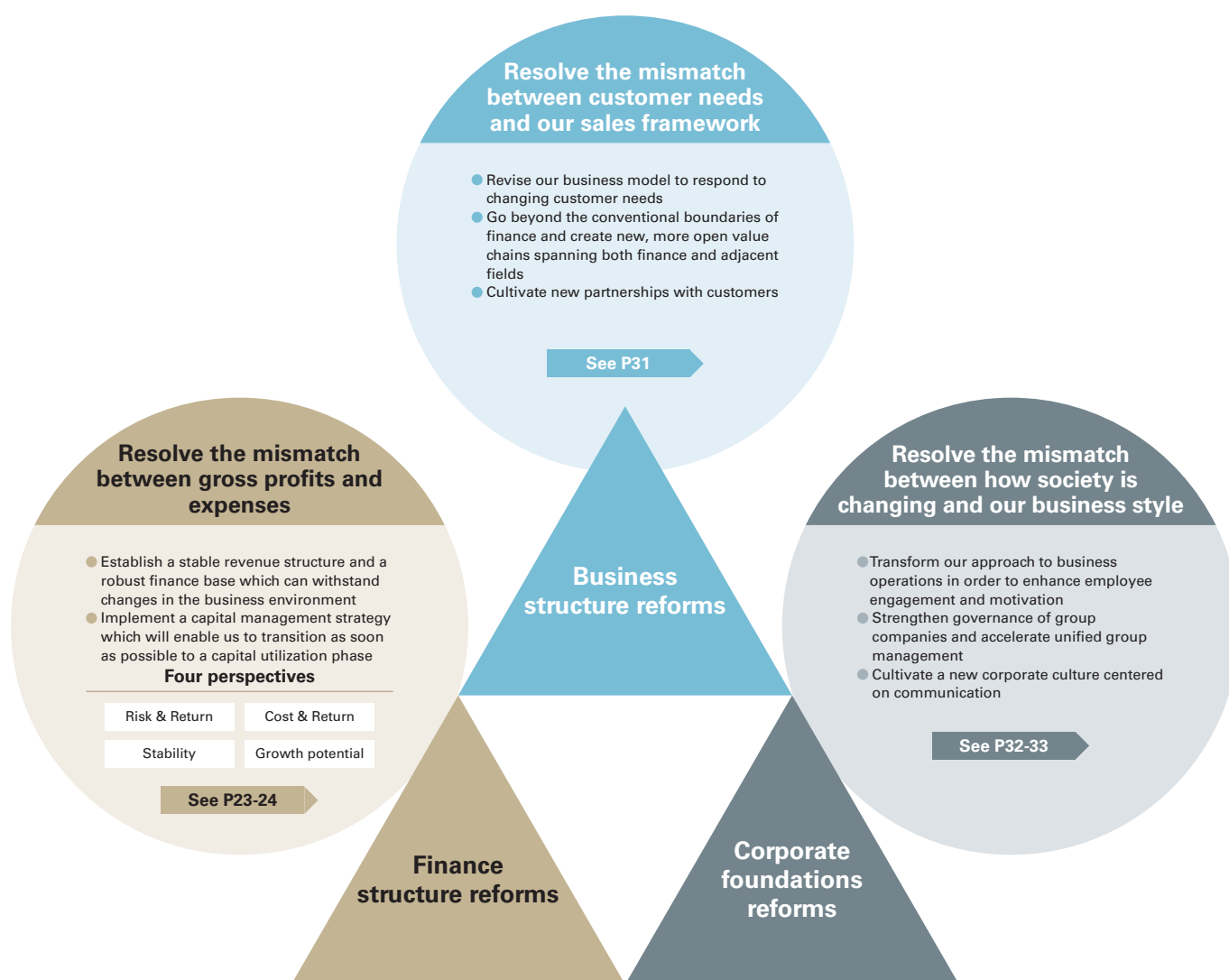
1. Excluding Net Unrealized Gains on Other Securities.
2. Consolidated Net Business Profits + Net Gains Related to ETFs (aggregate for Mizuho Bank and Mizuho Trust & Banking) + Net Gains on Operating Investment Securities (Mizuho Securities consolidated).

## Basic policy: Three-pillar reform

By implementing forward-looking structural reforms focused on three inter-connected areas—business structure, finance structure, and corporate foundations—we will work to resolve the mismatch which has arisen in terms of the allocation of corporate resources, including personnel and our branch network, thereby enabling us to respond to new customer needs and transition to the next generation of financial services.

We will implement 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 will also implement corporate foundations reforms to support the continued competitive advantage of our business.

The five-year period of the business plan can be broadly divided into two phases. Phase 1 (the three years starting from FY2019) will consist of full implementation of the structural reforms, building the firm foundations for next generation financial services. Phase 2 (the two years starting from FY2022) will be where we achieve the effects of the structural reforms and accelerate further growth.

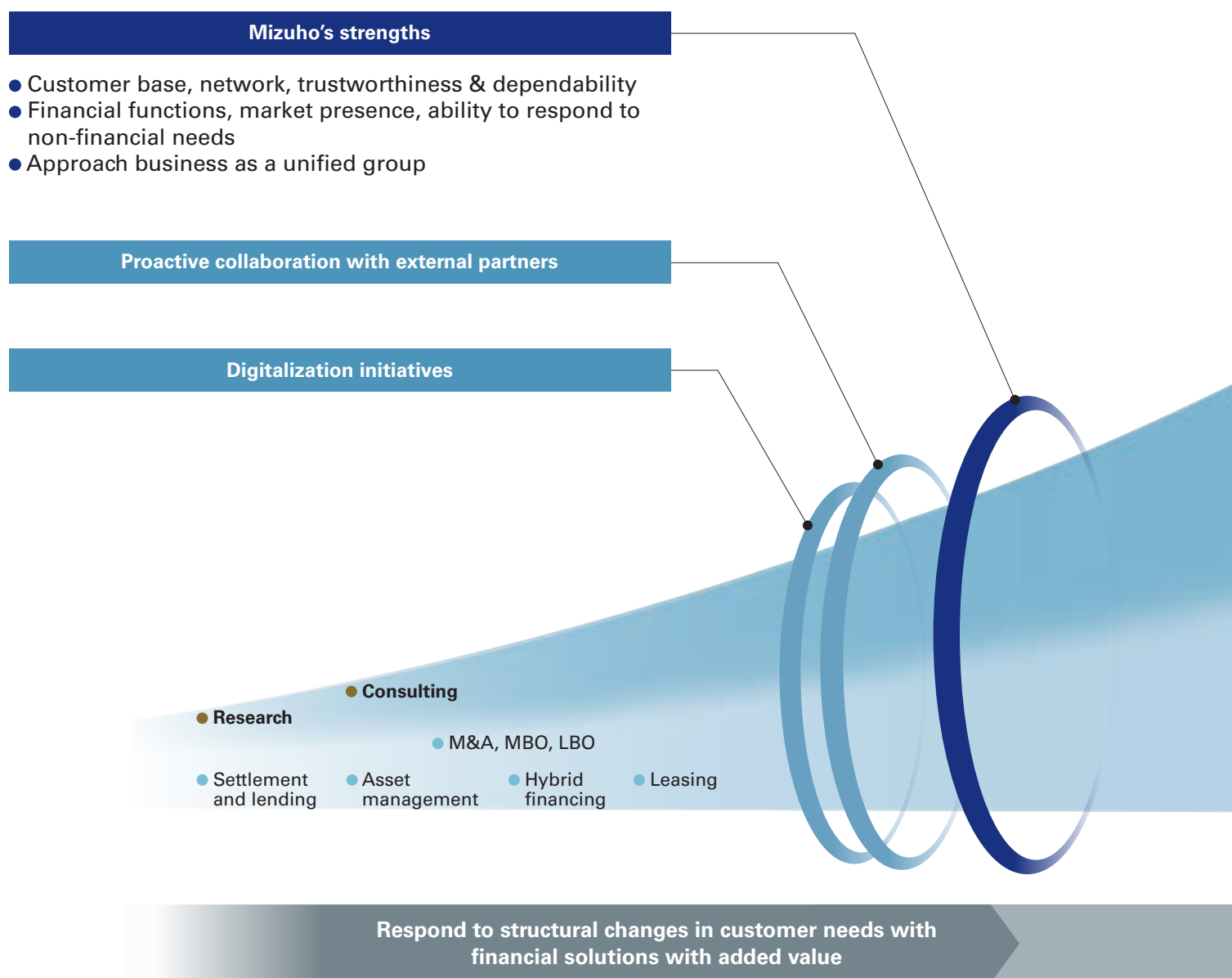


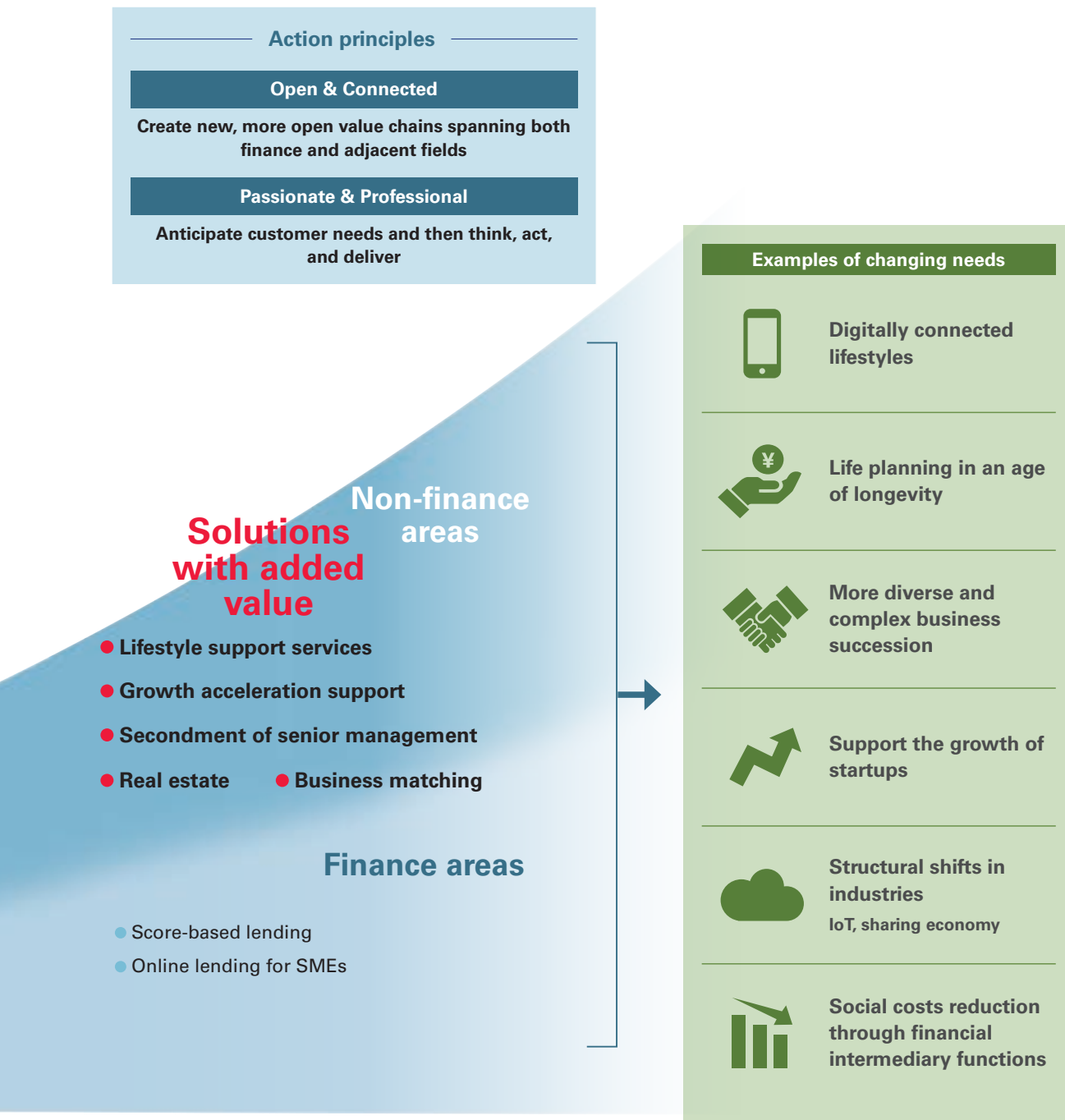
## 5-Year Business Plan: Transitioning to the Next Generation of Financial Services

### Key strategy: Creation of new value in adjacent business areas surrounding finance

With the aim of transitioning to the next generation of financial services, we will 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.

To achieve this, we will fully draw on the strengths that Mizuho has cultivated thus far, accelerate our digitalization initiatives, and more proactively collaborate with external partners. To this end, we will adopt the action principles of “Open & Connected” and “Passionate & Professional”.





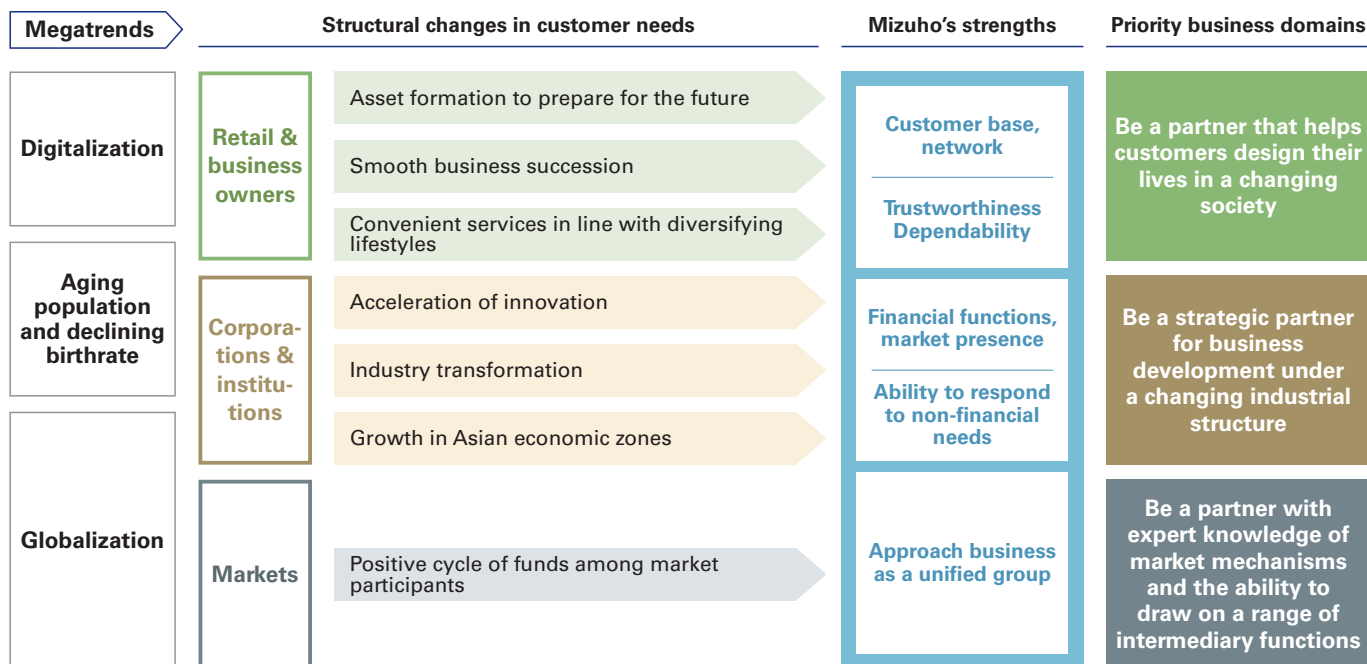
Improve corporate value

Contribute to the sustainable development of the economy and society

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

## Business structure reforms

We will implement business structure reforms, primarily in the areas below, in order to exercise our strengths and respond to structural changes in the economy, industry, and society.



## Initiatives in priority business domains



### Retail customers

Be a partner that helps customers design their lives in a changing society

- ▶ Assist customers with asset building to support their life design in an era of lengthening lifespans, and develop professionals capable of providing this assistance.
- ▶ Provide sophisticated solutions for business succession needs and assist clients with needs regarding identifying candidates for senior management roles.
- ▶ Create next-generation branches which combine physical locations and digital channels.
- ▶ Appeal to new customer demographics and create new demand through the application of technology and open collaboration.



### Corporate clients

Be a strategic partner for business development under a changing industrial structure

- ▶ Open collaboration for growth acceleration including financing the growth of startups and forming industry-government-academia partnerships.
- ▶ Build new forms of partnerships, sharing business risks.
- ▶ Leverage our Asian client base and network in order to support the business development of global clients.



### Market participants

Be a partner with expert knowledge of market mechanisms and the ability to draw on a range of intermediary functions









- ▶ Draw on a broad range of intermediary functions to connect investors with other investors and connect issuers with investors.
- ▶ Enhance the sophistication of our ALM and portfolio management through flexible asset allocation.

## Corporate foundations reforms

### ■ Transform our approach to business operations

In terms of transforming our approach to business operations, we will focus on four priority areas—personnel & workplace, IT & digital, channels, and group companies—with the aim of further enhancing employee engagement and motivation.

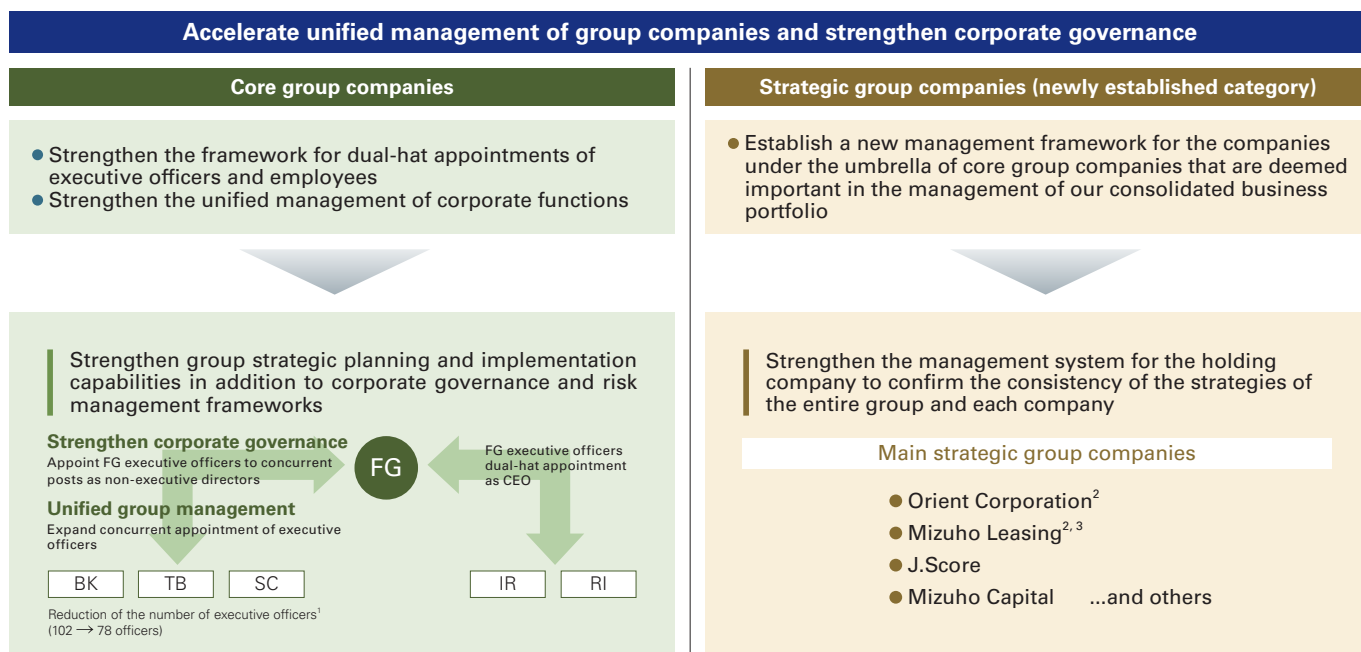
As part of this, in order to transition to the next generation of financial services, we will introduce a new HR strategy. Under this strategy, we will focus on each individual's growth and career preferences, aiming to enhance employees' universally recognizable value, and ultimately increase Mizuho's corporate value. (For an overview of the new HR strategy, see P83-86.)

		Approach	Examples of planned initiatives	Goal
Four priority areas	Personnel & workplace	Create a work environment which enhances creativity and productivity	<div> <div>Move office buildings</div> <div>Consolidate and restructure Head Office functions and business functions</div> <div></div> <div>FY2020</div> </div> <div> <div>Remote work</div> <div>Provide employees with ultra light-weight laptops</div> <div></div> <div>FY2020</div> </div>	Further enhance employee engagement and motivation
	IT & digital	Utilize technology to enable diverse work styles	<div> <div>Automate operational processes</div> <div>Automatically digitize paper forms using AOR</div> <div></div> <div>FY2019</div> </div> <div> <div>Link the new core banking system with branch tablets</div> <div></div> <div>FY2020</div> </div>	
	Channels	Pursue the best channels for customers' needs	<div> <div>Transformation into next-generation branches</div> <div>Full-scale consolidation of back office functions</div> <div></div> <div>FY2019</div> </div> <div> <div>Expand digital channels</div> <div>Launch online lending services for SMEs</div> <div></div> <div>FY2019</div> </div>	
	Group companies	Clarify the mission of each company and their role within the group	<div> <div>Consolidate subsidiaries providing support functions</div> <div>Merge Mizuho Delivery Service and Mizuho Business Service</div> <div></div> <div>FY2019</div> </div> <div> <div>Streamline think tank subsidiaries</div> <div>Consolidate corporate functions for Mizuho Information &amp; Research Institute and Mizuho Research Institute</div> <div></div> <div>FY2019</div> </div>	

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

### ■ Group company reforms

We plan to expand dual-hat appointments of executive officers between the holding company and group companies as well as further consolidate and integrate Head Office functions. This will enable us to further strengthen unified group management, including for group companies other than banking, trust banking, and securities, and also enhance our ability to implement the structural reforms on a group-wide basis.



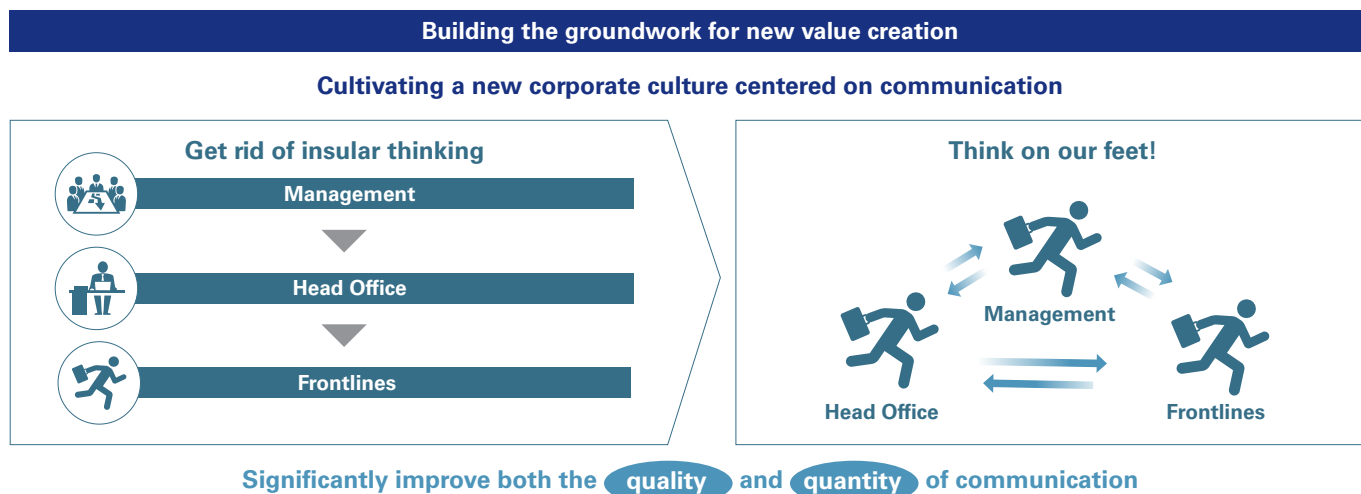
1. Total number of executive officers above Executive Officer or equivalent position for Mizuho Financial Group, Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities. The figures are as of June 30, 2019 and are in comparison to March 31, 2018.

2. Equity method affiliates.

3. Current name is IBJ Leasing, which is expected to change on October 1, 2019.

### ■ Transforming our corporate culture

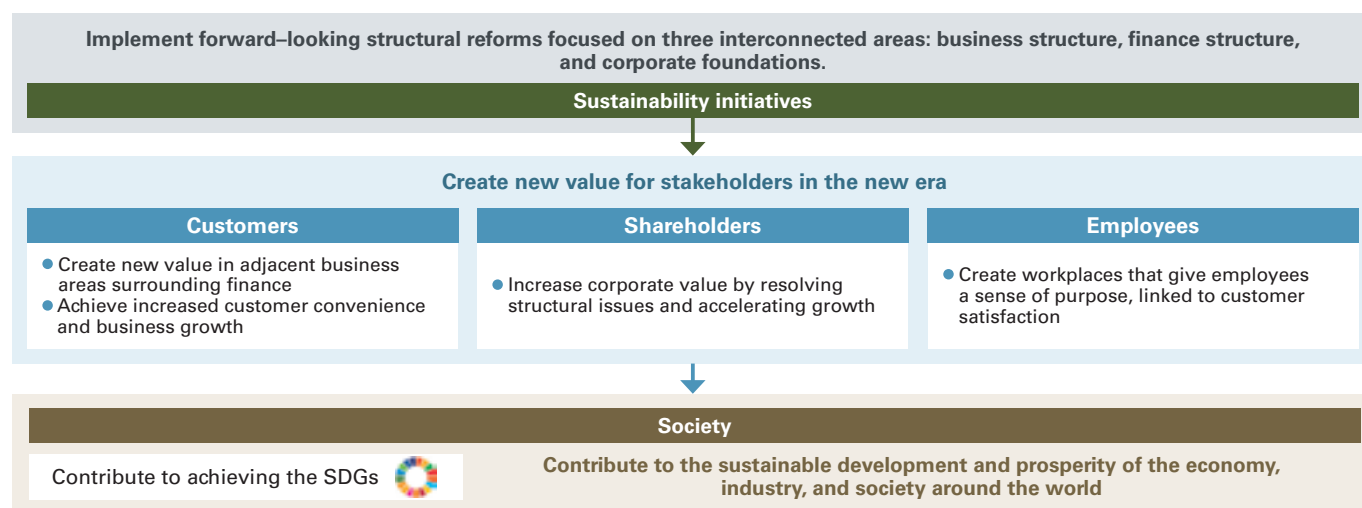
By significantly improving both the quality and quantity of communication within the group, we will aim to cultivate the relationship between management, Head Office, and the frontlines to be more open and flat. In this way we will transform our corporate culture in a way that encourages all members to take more independent and proactive action.



## Value created for stakeholders

Through our initiatives under the new business plan, we will seek to create new value for our stakeholders—our customers, shareholders, employees, and society as a whole.

We have defined sustainability for Mizuho as “achieving sustainable and stable growth for Mizuho, and through this growth, contributing to the sustainable development and prosperity of the economy, industry, and society around the world” and we are proactively working to achieve the UN Sustainable Development Goals (SDGs). (For details on our sustainability initiatives, see P39-48)



### Reference Quantitative overview of our fundamental structural reforms

In November 2017 we announced fundamental structural reforms, and under our new business plan we will make additional reductions to the number of branches in Japan and to expenses, aiming to achieve our targets ahead of schedule.

