

IR Day 2025: Summary of Q&A

1. Improving Customer Experience / Asset and Wealth Management in Japan

Q: Regarding growth investment in the mass retail area

A: We have made considerable digital investments over the past two years, and believe that such investments will remain indispensable going forward. At the same time, the physical channel is also important, and as such, we will invest in transforming our traditional structure that relied on branches and people, aiming for a lighter-weight model. The cost of acquiring deposits has also increased significantly recently, and while promotional costs are necessary to attract deposits, we will do so with clear objectives, focusing on specific customer segments.

Q: Possibility of further investments in Rakuten Group subsidiaries and so forth?

A: Our current challenge is to further strengthen our alliance relationships. For example, we have a 49% stake in Rakuten Securities, and we are gradually enabling more customer exchange between Rakuten Securities and Mizuho Securities and Mizuho Bank. However, there is still much to be done here, including system development. I believe that what truly matters is not simply the existence of a capital relationship, but how we actually develop our business together. Beyond the Rakuten Group, we have formed partnerships in various forms with other companies as well. The aim here is that through these collaborations, we can create an environment where customers, the actual users here, can access services seamlessly and conveniently.

Q: How does the partnership with Rakuten Group contribute to the growth of individual deposit balances?

A: To increase our balances, deposits need to be sticky—accounts that customers use regularly for deposits and withdrawals. Through our partnership with Rakuten Group, we aim to build a system where Mizuho is seen as a convenient option within the Rakuten ecosystem. While there is still work to be done, significant progress has been made. This approach overlaps somewhat with Rakuten Bank, but very few people have accounts with only one bank. For example, Rakuten Bank could be used for payments, while Mizuho Bank could serve as a savings account. Ultimately, whether customers choose Mizuho or Rakuten Bank depends on their preferences, and I believe we can build a collaborative relationship with Rakuten Bank.

Q: Competitive edges in asset and wealth management

A: Our strength lies in our customer base for retirement business. We focus not only on DB (Defined Benefit Corporate Pension) but also on DC (Defined Contribution Pension). For DC, we have 1.54 million corporate DC participants, 370,000 iDeCo (individual DC) participants, and about 960,000 participants through Rakuten Group, totaling approximately 3 million participants. This gives us an overwhelming share of over 20% in Japan. Leveraging this strength, our aim is to achieve growth by providing solutions and high value-added products for retired life, after pension payments begin.

Q: Group-wide management: can you share an example where integrated group management has added value?

A: In our Asset Management Company, the ability to discuss product development and responses to regulatory changes across entities is a huge advantage. Our rapid growth in iDeCo participants was also made possible by cross-entity actions and by being able to work directly together with RBC across the group. This was the key factor in accumulating participants ahead of competitors. In the pension world, there is a major structural shift from DB to DC, and our ability to take cross-entity and cross-company actions in response to such changes is a considerable strength.

Q: Strategies to increase the average fee rate in the asset management business

A: We are advancing the provision of high value-added products. Fees for traditional assets are currently lower, but those for private assets, for example, are considerably higher and significantly improve profitability. It will still be some time before private assets are incorporated in passive investment products and, with no daily price fluctuations, have higher Sharpe ratios and thereby more attractive to institutional investors. Private assets are also gradually penetrating the retail sector. For instance, after partnering with Golub, in which we invested last September, we launched a private credit/direct lending fund as a public offering in Japan at the end of June, and in just six weeks, raised nearly 50 billion yen. This made me realize that Japanese retail investors are increasingly responsive to high value-added products. We plan to improve profitability not only by leveraging our in-house asset management capabilities, but also by actively acquiring capabilities we do not have in-house through inorganic means.

2. Enhancing the Competitiveness of Japanese Companies

Q: Trends and outlook for lending balances and spreads

A: (Mr. Sugawara, Head of Corporate & Investment Banking Company): The macro environment for

lending in Japan is characterized by demand for digital investment, transition investments toward carbon neutrality, and significant demand for acquisition financing. The trend of capital market reforms, led by the TSE, is also driving increased demand for financing, especially for LBOs. While attention should be paid to developments in private debt, overall, we expect the upward trend to continue. Since the start of our current medium-term business plan, loan balances for large corporations have increased by about 1 trillion yen each year. At Mizuho we make disciplined decisions based on profitability and efficient use of capital and as a result our spread is also trending upward. As we aim to strengthen Japanese industry, we are focusing on LBOs, real estate, and mezzanine finance, all of which are high value-added products, and deliver strong return.

(Mr. Adachi, Co-Head of Retail & Corporate Banking Company): To add perspective on the SME and mid-cap segment, although the volume differs from large corporations, we have also been able to strengthen our lending to startups and innovative companies. We have extended considerable loans to deep tech companies, such as space-related business, and even mezzanine financing. These areas are highly profitable, offer promising business growth, and have the potential to capture deal-after-deal opportunities.

Q: Strategy for acquiring deposits from mid-cap corporates

A: We do not aim to increase deposit balances by incurring high costs. Instead, by providing Mizuho's added value alongside lending, we seek to realize the growth of mid-cap corporates and, as compensation for that, naturally increase flows and deposits.

Q: Current market trends in DCM, ECM, and M&A

A: The DCM market is growing, driven by increased total fundraising and diversification of funding sources. DCM is an area of strength for us, so this is a tailwind. In ECM, last year saw a notable increase in the offerings of cross-shareholdings, and the trend of changing shareholder structure through IR/SR consulting is continuing. There is also room for growth in ECM for companies making growth investments. In M&A, cross-border investments as part of corporate growth strategies, especially US investments, are attracting attention. Also, with the new agreement of \$550 billion in investment into the US from Japan agreed upon in tariff negotiations, we expect investment opportunities to arise from here.

Q: Negotiations with counterparties regarding reduction of cross-shareholdings

A: Agreement for sale for most of the reductions planned this year have already been reached. Until

recently, discussions on cross-shareholdings always seemed to hit a rock wall, but as of now, cracks are beginning to appear in that wall. This is likely because companies are now facing the capital markets more seriously. As cross-shareholdings are being dissolved and considering the situation with life insurance companies reducing their holdings to zero, the environment for reaching agreements is relatively more favorable than before.

3. Global CIB Business

Q: Future growth strategy for the European business. Differences, challenges, and business environment compared to the Americas.

A: Regarding Europe, rather than aiming for the same level of presence as the Americas, we are developing strategies based on the market size, competitive environment, and the foundation of Japanese clients.

As explained last year, in Europe we have consolidated the regional hubs of our banking and securities operations, transitioning to a universal bank. In terms of our sales structure, coverage of non-Japanese clients has been consolidated under our securities subsidiary, while Japanese clients are managed in an integrated manner across Europe. By promoting integrated regional operations, we have built a system that enables us to provide better services to our clients that is on par with other global financial institutions.

Within this framework, in addition to driving business within the region, we are focusing on creating business opportunities by connecting with the capital markets in the Americas and with investors in APAC, thus linking global operations. Furthermore, we recently announced a merger with Augusta, an M&A boutique specializing in renewable energy. Augusta possesses strengths and expertise that Greenhill does not have, and we consider this a complementary relationship. Our expertise in renewable energy in Europe remains a strong asset, and we aim to expand this, particularly in Japan and APAC.

Additionally, enhancing our presence in the European market, which has a rich investor base, is extremely important for our global expansion. We intend to leverage our strengths in Japanese yen business and the product lines we have developed in the Americas to provide solutions.

Q: Regarding inorganic strategy, views on growth investments and investment discipline

A: Our fundamental approach is to consider opportunities that fill any "missing pieces" essential for growth of our four focus business areas. For example, we have recently integrated Greenhill in the Americas, and Augusta in Europe. In APAC and the Middle East, where growth is expected in the future, we are seeking new opportunities. However, at this stage, we do not intend to invest in large-scale commercial banks in Asia.

When it comes to investments, our focus is on "integration" rather than mere "acquisition." We place great value on cultural integration and respect for talent. Our investment criteria include not only targets for ROE and PBR, but also emphasize medium- to long-term synergies and the time horizon for realizing them.

Q: Regarding the growth drivers that will see Mizuho reach a Top 10 position in the Global CIB fee league table

A: The league table is the most concise representation of how capable we are in our offering of diverse solutions to our clients. We see M&A as a key growth driver, and by providing comprehensive proposals that encompass clients' business strategies, we are able to address a wide range of needs, including financing. Even if a transaction does not close, by continuously engaging with key decision-makers, we can build long-term trust. Enhancing our solution-providing capabilities is vital for establishing connections with those who drive business strategy

Q: How will the deregulation in the Americas affect balance sheet-driven business?

A: For Japanese banks without overseas retail operations, foreign currency is a precious resource. We constantly optimize its allocation within and across regions, and between banking and markets. Under these resource constraints, we have carefully evaluated transactions derived from our balance sheet, and have continued to grow. Moving forward, we will further refine our balance sheet management, keeping a close eye on market conditions and regulatory developments

4. Miscellaneous

Q: With PBR now above 1x, how will you further enhance your valuation in the equity market?

A: We need to hone our unique competitive edges. We intend to thoroughly pursue growth in our four business focus areas. Subsequently, for example, we aim to further enhance our strategies by creating seamless connections between our wealth management services for corporate owners and our asset management and wealth management offerings for individual clients. Additionally, we are focused on integrating domestic and international operations to provide comprehensive support for cross-border corporate actions. Through these initiatives, we seek to achieve a higher level of strategic sophistication and deliver even greater value to our clients.

Above all, strengthening our management foundation is essential for advancing these business strategies. By building a seamless and open collaboration framework across our in-house companies and entities, we want to transform into a global financial institution rooted in Japan

that connects diverse values.

Q: Regarding banking operations and management of the JGB portfolio

A: The most important source for sustainable growth is customer-facing business. We expect our market banking operations, including bond portfolio, to play a complementary role in stabilizing overall revenue, avoiding major revenue fluctuations. Additionally, we value the market intelligence and talent development that come from daily engagement with the markets.

Given the current high uncertainty and lack of visibility in the market, the management of banking operations (markets) is particularly challenging. We are taking a cautious approach to risk-taking and booking realized gains.

Regarding our bond portfolio management, we have frequent and intensive discussions between management on position-taking. For JGBs, with inflation becoming more structural and rate hike expectations rising, we believe it is premature to fully restore risk. For foreign bonds, we maintain interest rate risk in a nearly neutral zone by utilizing hedges. Depending on the direction of monetary policy, we may consider operations such as partially unwinding hedges.