FY26 H1 Earnings Call

(Speaker: Makoto Samejima, Group CFO)

In reference to 'Summary of Financial Results for the Second Quarter of FY2026'

Executive Summary

- (p.3) Based on solid recent performance, we have upgraded our FY2026 Earnings Outlook, following the revision in July. Profit Attributable to Owners of the Parent is now set at JPY 1,600.0B (+JPY 200.0B vs July).
- (p.4) Business has remained strong since the beginning of the fiscal year. Consolidated Net Business Profits were JPY 1,099.4B (+50.6% YoY). In addition to Credit-related costs remaining at a suppressed level of JPY 7.5B, Net Gains related to Stocks increased substantially this period, resulting in Profit Attributable to Owners of the Parent of JPY 896.4B. Our ROE for the last 12 months (LTM) was at a favorable level of 13.1%.
- (p.14) Regarding shareholder return, we have increased the Dividend per Share by JPY 50 compared to the May disclosure, bringing the annual forecast to JPY 200 per share. An additional JPY 200.0B share buyback was also approved, bringing the fiscal year total to JPY 400.0B. Based on recent profit growth, stock price levels, and dialogue with the market, we have reviewed the balance between dividends and share buybacks. Our Shareholder Return Policy remains unchanged; we plan to continue aiming for stable dividend increases with an emphasis on progressiveness, combined with flexible and intermittent share buybacks.

FY26 H1 Results Summary

- (p.4) Expense control was effective, and the Expense ratio remained at a low level of 49.5%. For ROE, in addition to LTM, we have decided to additionally disclose ROE on an annualized basis, in line with our domestic peers (calculation as per footnote on page 4). Note that Consolidated Net Business Profits for Q2 standalone decreased compared to Q1, but the main reason for this is a pullback from the exceptionally strong performance of GMC Banking.
- (p.6) Within the Customer Groups, Net Business Profits of RBC and CIBC increased significantly by JPY 84.1B and JPY 107.8B YoY, respectively. This was due to the effect of rate hikes, as well as capturing financing needs associated with strong financing demand and active corporate actions.
- (p.6) GCIBC saw an increase in Gross Profits, but expenses also increased. Net Business Profits decreased YoY in Q1 as the increase in Gross Profits was not enough to offset the increase in expenses, though expenses were controlled effectively this

period, securing a roughly flat result YoY.

- (p.6) AMC also performed solidly. Despite the impact of a one-off revenue drop from the sale of the overseas custody business in the previous fiscal year, Net Business Profits increased YoY, partly due to tailwinds in the market environment.
- (p.6) Sales & Trading continued to be strong, but revenue growth normalized somewhat in Q2, partly due to seasonal factors such as decreased customer flow over the summer.
- (p.7) On the balance sheet, the loan balance expanded by approximately JPY 3.0T vs the end of FY25, continuing its upward trend. Total deposits saw a significant expansion in foreign currency deposits, mainly overseas, and we also secured medium- to long-term funding in both yen and foreign currencies.
- (p.8) Our loan balance in Japan grew due to strong financing demand. The loan-deposit rate margin improved in line with increases in the BOJ Policy Rate. Loan Spreads improved in RBC Corporate, while remaining flat in CIBC. Given current financing demand, we see room for upward movement and consider this a priority going forward.
- (p.9) The balance of loans outside of Japan increased. The Loan and Deposit Rate Margin remained generally flat.
- (p.10) Regarding non-interest income, to enhance the accessibility of our materials, from this period onwards we are categorizing non-interest income by In Japan vs Outside of Japan, in categories of 1) Investment Banking, 2) Real estate, 3) Finance-related fees, 4) Transaction banking, and 5) Asset management & Wealth Management. Almost all revenue streams increased, demonstrating a structure where fee business provides additional strength and support to our revenue. Only AMC saw a YoY decrease, due to non-recurring revenue (sale of overseas custody business) in the previous fiscal year.
- (p.11) Credit-related costs remained limited, although there were some fluctuations between costs and reversals. We have proactively accumulated JPY 163.9B in forward-looking provisions, securing resilience for the future.
- (p.12) Regarding our securities portfolio, we have maintained a short duration for both JGBs and foreign bonds in line with our cautious management approach. However, given the recent domestic interest rate environment, long-term investments are beginning to offer more attractive returns, so we will continue to review our investment strategy. While unrealized losses on other securities have widened slightly, we manage these positions as part of our broader ALM operations, ensuring that overall valuation impacts remain well-controlled.
- (p.12) The sale of cross-shareholdings progressed generally smoothly, including sales-accepted.
- (p.15) Net Business Profits and Profit Attributable to Owners of Parent at BK (on a non-

consolidated basis) increased substantially YoY, similar to Q1, partly due to the impact of non-recurring dividends received from subsidiaries. Equity in income from investments in affiliates such as Vietcombank, Mizuho Leasing, and Rakuten Securities also grew steadily.

- (p.16) From this period, we are disclosing the breakdown of Consolidated Gross Profits in the categories of "Net Interest Income," "Net Fee and Commission Income + Fiduciary Income," and "Net Trading Income + Net Other Operating Income." In particular, "Net Trading Income + Net Other Operating Income" is an area of strength for Mizuho which is demonstrated here.