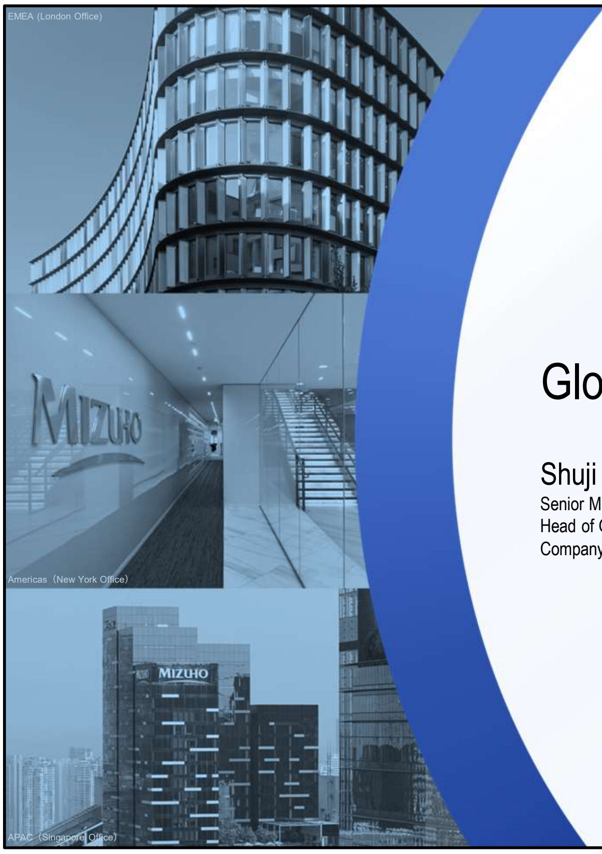

Global CIB Business

Shuji Matsuura
Senior Managing Corporate Executive,
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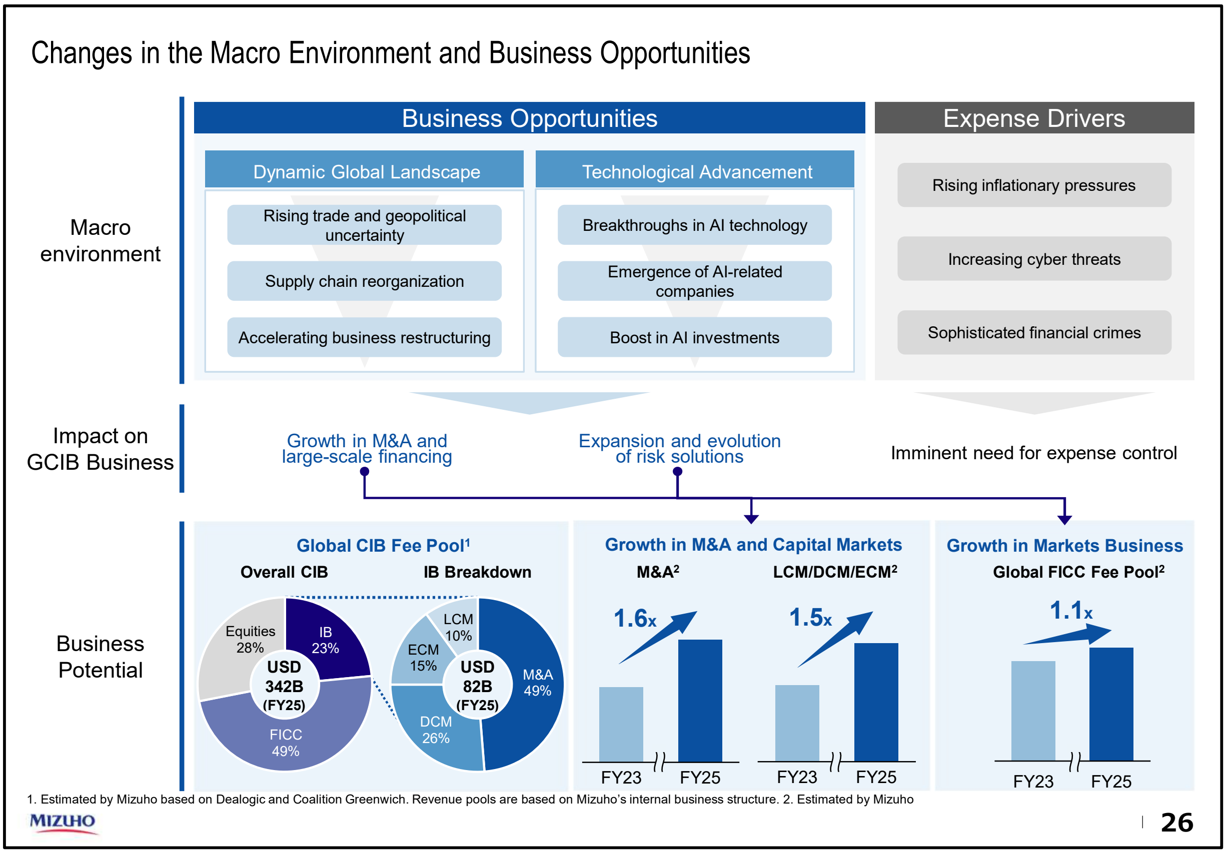
Senior Managing Executive Officer,
Co-Head of Global Markets Company

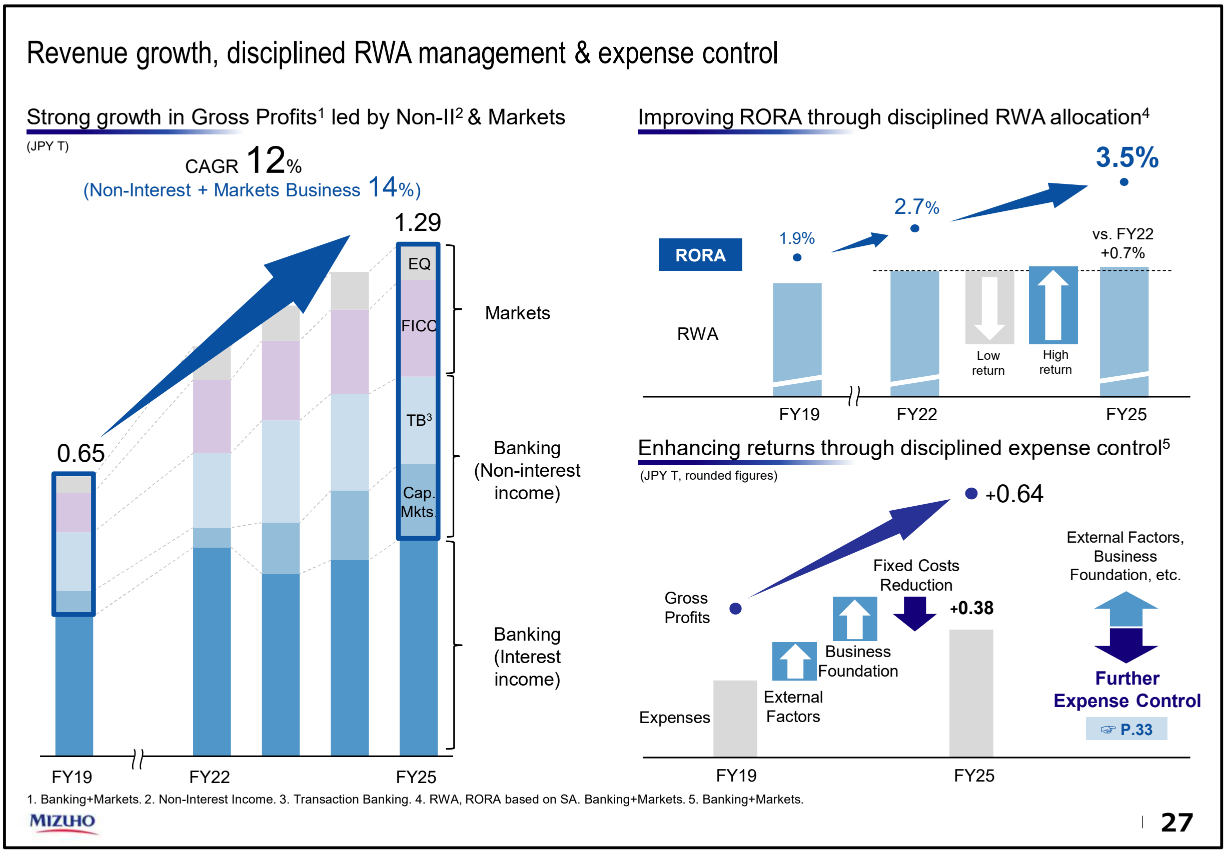
Section 3



Matsuura: I am Matsuura, and I would like to begin the presentation. Of course, needless to say, we have the changes in the macro environment and business opportunities. This is preaching to the choir, so I will skip, but we are seeing rapid changes in the global landscape and such amazing technological advancement.

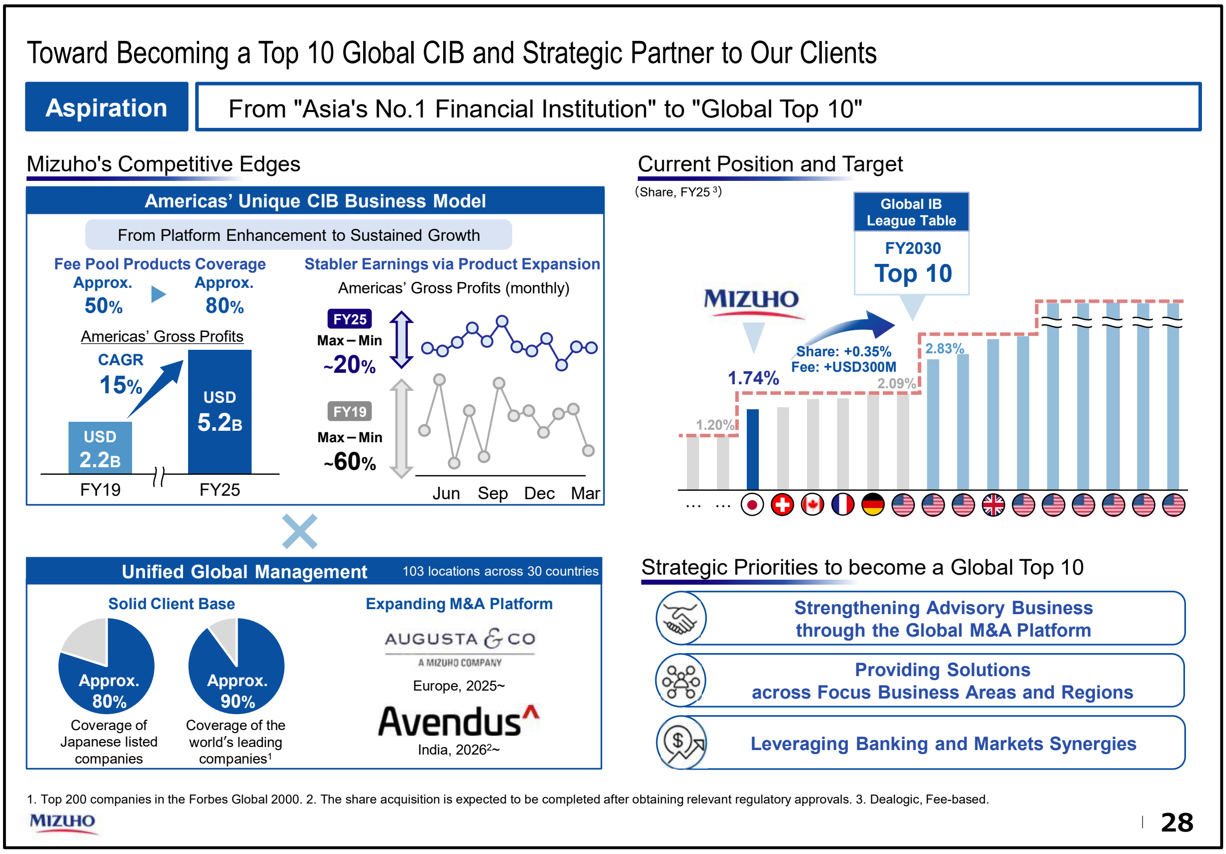
In a nutshell, we are seeing volatility because of these changes. Of course, to risks, we need to be more sensitive. On the other hand, there have been several corporate actions creating business opportunities.

One thing I would like to emphasize on this slide is the pie chart at the bottom left. This is showing the global CIB fee pool. To summarize, almost half is fixed income. Investment Banking accounts for roughly 1/4, and within that segment, approximately half is M&A, while around 1/4 comes from DCM.



Matsuura: With this in mind, looking at the latest results, we have seen steady increase in the top line. On the other hand, as was discussed earlier, there is RORA. Regarding risk assets, of course, we have such significant discipline. We have high hurdles for entry for certain transactions or projects. We are eliminating low profit, low-margin projects. We are seeing 3.5% as the latest RORA.

As for expenses, with business growth, we are seeing increase in expenses as well. Of course, there is regulatory cost as well, but we are managing the cost base in order to maintain this level.



Matsuura: So far, what drove business growth is mainly the North America business. As you see on the top left, what used to be 50% product coverage on a fee-pool basis is now about 80%. As for what remains, it's mainly products such as commodities and prime brokerage, which we have already decided not to pursue. In that sense, all the products that we want are already within our reach.

The revenue volatility, compared to the past, has become much smaller and we are enjoying the benefits of diversification. We have seen steady growth so far.

But if you look on the other side of this, of course, this is a result of sales efforts. Largely, this is thanks to product bolt-ons. 50% coverage in the past is now up to 80%. With more products, we have seen increased revenues.

Until March this year, I was based in the US, and my impression is that the North America operation is now entering the next phase. Rather than achieving growth through products, we are now in the phase to focus on certain products to increase share in the market. That is the game that we must play.

Perhaps you wonder if maybe substantial growth is not expected. That is not the case. We believe there is much growth potential. Utilizing the Americas business model and taking advantage of the global platform that we have, we can further roll out this model.

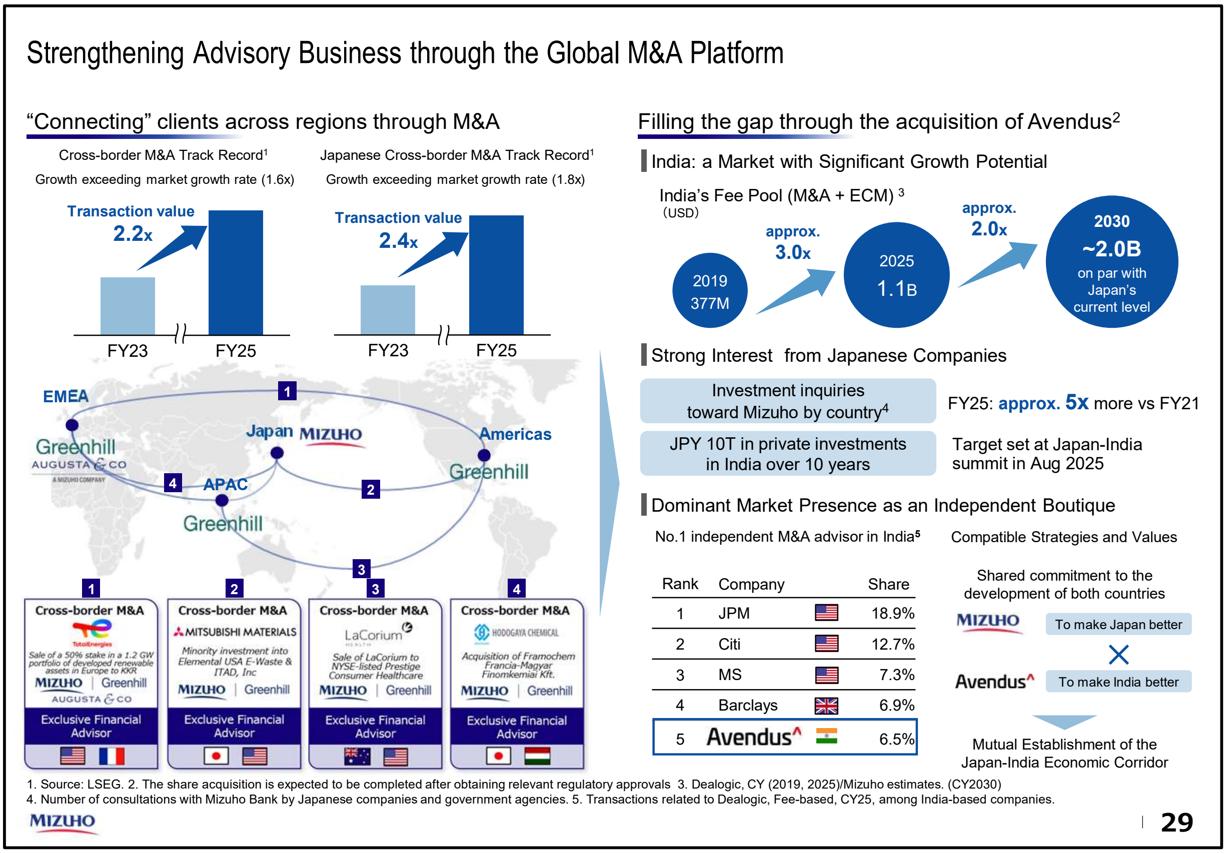
There was a talk of Greenhill earlier. By leveraging Greenhill's global network, we can further spread this global CIB model globally. That's where we are.

As you can see on the top right, we are targeting to be in the top 10 in global IB league table by FY2030. The gap is 0.35% in the market share, or USD300 million in income. We believe the target now appears to be well within striking distance if peers remain in the current positions

What are the strategic priorities that we focus on? As you can see at the bottom right, there are three priorities. One is to make use of the global M&A platform. Within the IB business, M&A fees are the largest, as you saw in the previous slide. How are we going to further achieve growth?

Secondly, how are we going to provide solutions across business areas and regions? This may be a bit unclear. In the past, we were more regionally focused, the Americas, EMEA and APAC. We had the operations regionally focused on a federated model. Moving forward, how are we going to break down the boundaries? How are we going to connect our business to the retail side, as highlighted by the earlier Space X example.

Lastly, how are we going to leverage banking and markets synergies? How can we connect and strengthen? Those are the three priorities for us.



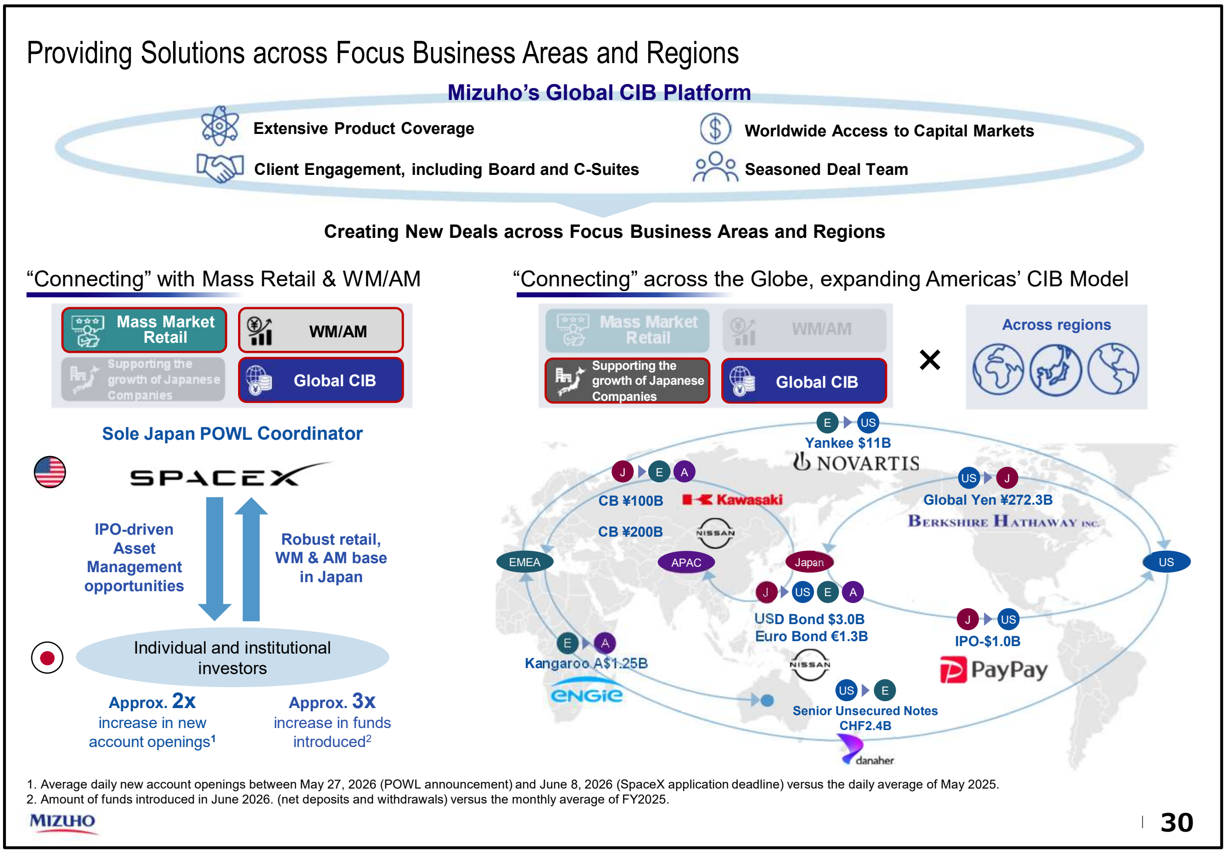
Matsuura: First, I will talk about advisory business and M&As. In December 2023, we completed the acquisition of Greenhill. It's been a little over two years. Honestly speaking, in FY2025, we have seen substantial traction. We have a cross-border M&A track records, and you can see Japanese cross-border transactions, you can see the results.

Greenhill used to have virtually no access to Japanese customers, but we were able to provide the Japanese customer base, and they matched. We have seen a substantial increase in Japanese cross-border M&A transactions. When comparing pre- and post-acquisition, we have seen about 1.7x, 1.8x top line growth. You can see some examples listed here at the bottom left. The first one is interesting. In addition to Mizuho and Greenhill, we have Augusta, who specialize on renewables. In this case, three firms jointly advised Total on the transaction. In Hodogaya Chemical's case, this was an acquisition of a company in Hungary, not in the US.

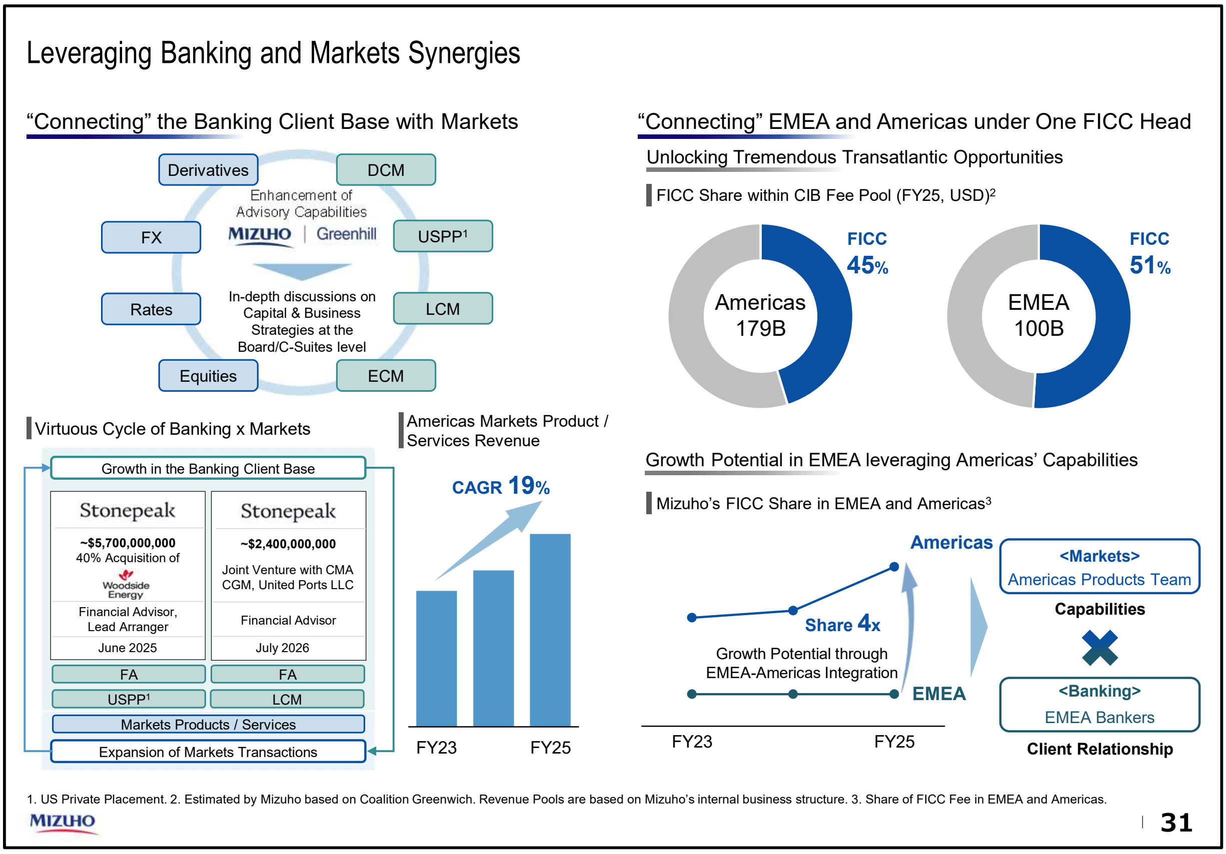
As you can see from these examples, utilizing the Greenhill platform combined with Mizuho client base, this resulted in actual deals. For FY2026 as well, we have a robust pipeline. That's where we are today.

But India remains a vacant place, even for Greenhill. As announced earlier, we are in the process of bringing Avendus into the platform. While we are sitill waiting for the necessary regulatory approvals, we expect the Avendus piece to be added in due course. You can imagine India's growth being tremendous. The Japanese government is planning to have JPY10 trillion private sector investment over the next 10 years.

The India-related investment inquiries that are brought to us rank no.1 among all countries. We've received over 600 inquiries. The second is Vietnam, but their number of inquiries is still less than 1/4 of India. That's how much people are paying attention and looking at India. Avendus, following the bulge bracket firms, they are the largest independent advisory firm in India. In combination with the Japanese transaction opportunities, I think we'll see interesting results.



Matsuura: SpaceX was already mentioned, but this is essentially the result of exporting the U.S. capital markets model to different regions.
In addition to support, the Japan issuer with offerings and issuance in the Western markets, including the US and Europe. European issuers are issuing bonds in Australia. Also, the US companies are issuing in Swiss francs. As you might know, competition for long-term funding remains intense. Even many different companies are now contemplating which markets they should access. We have developed the capability to capture these financing needs on a global basis.



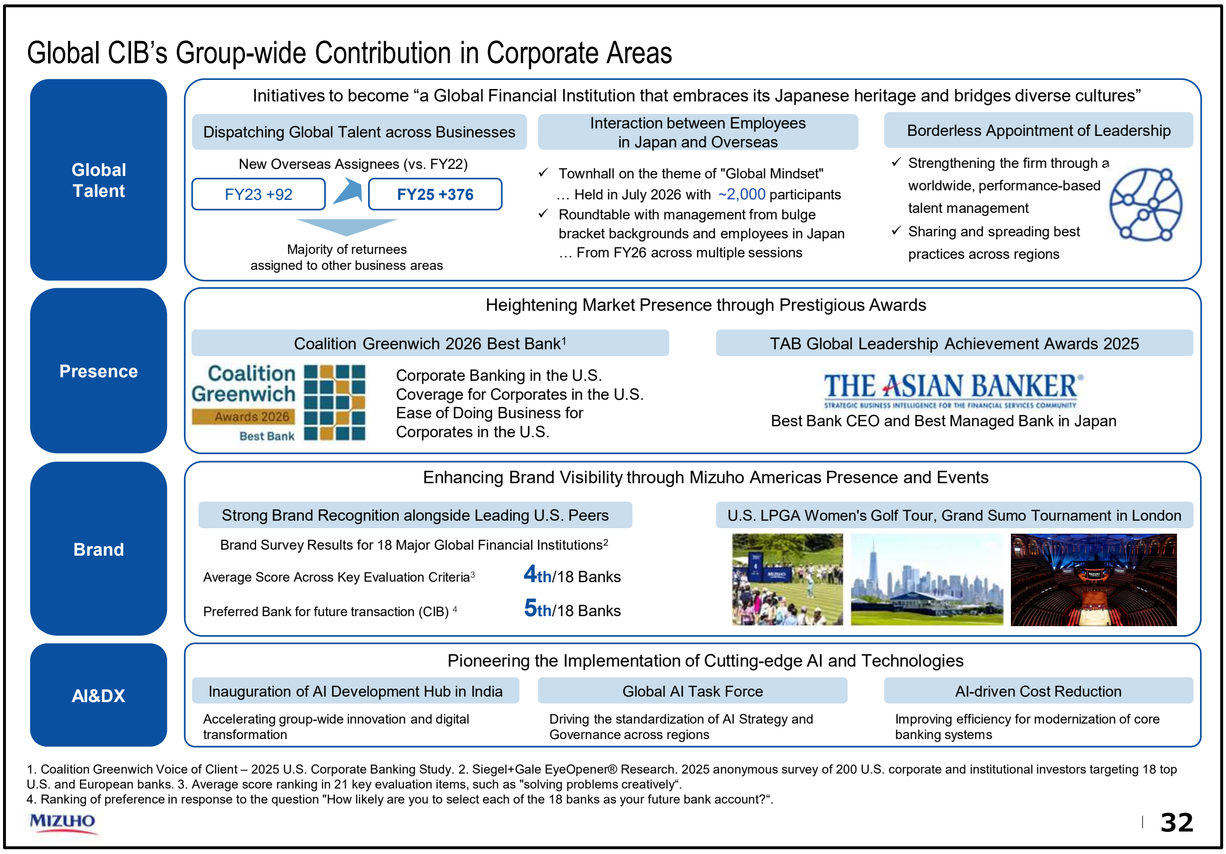
Matsuura: Our markets business is not just about proprietary trading, but we are also focusing on the flow of customers. In this regard, starting off with M&A and then going to finance, after financing, as hedges, derivatives and currency trading.

Integrated operations are becoming increasingly important. In this regard, we were able to establish the first in the US, and this model is now being transplanted in Europe and APAC. That's another focus point that we are working on right now.

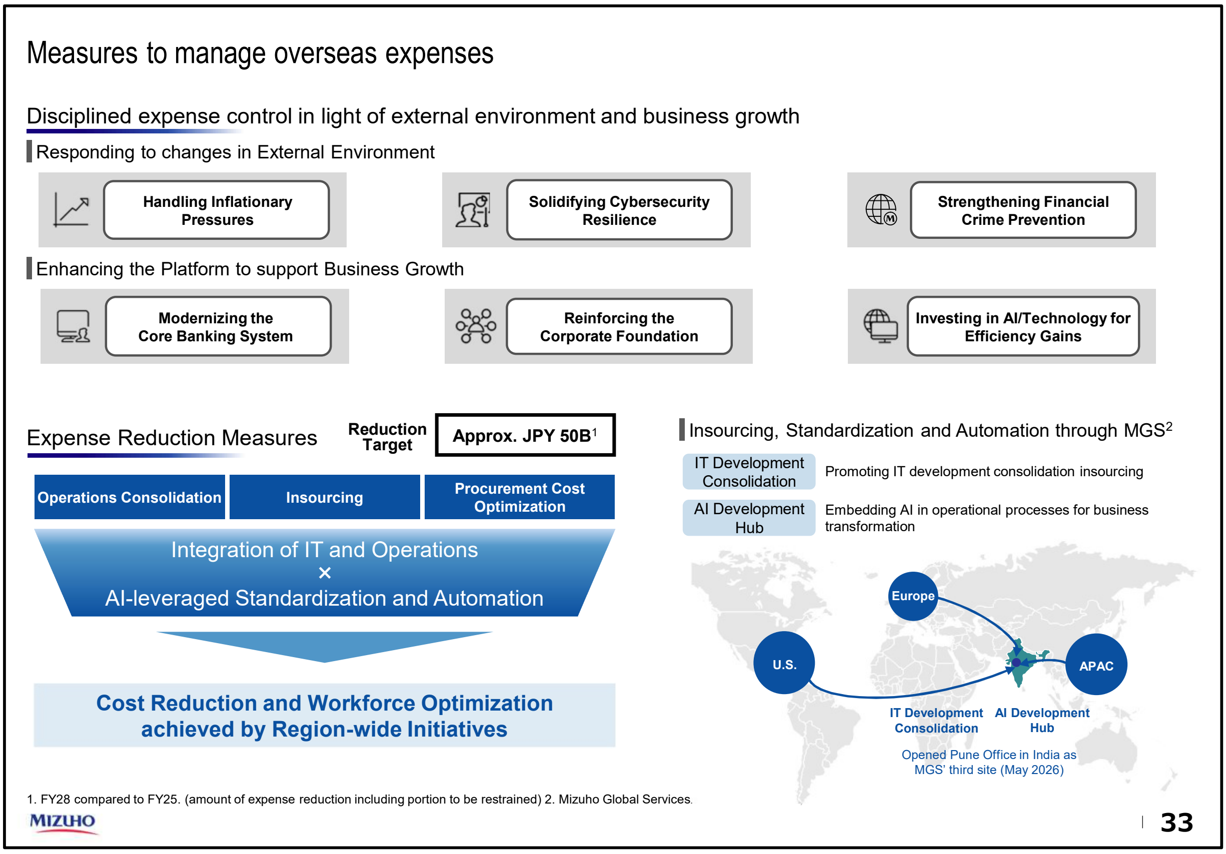
Another thing that I would like to mention is that on the right-hand side, this is another growth area. In October last year, the fixed income in Europe and the fixed income in the US were managed in an integrated leader, with one leader being adopted to oversee this.

If you look at the line chart at the bottom, in terms of market share, EMEA was only 1/4 of the Americas. To address this and improve the situation, all the product portfolio that we have established in the US will now be leveraged in the sales in the European market, and this is spearheaded under the one single head.

The FICC share of the CIB fee pool of the Americas was 45%, so about USD80 billion. FICC share in EMEA is about 51%, and about USD 50billion. This is another big area where we can expect growth.



Matsuura: In terms of global CIB, I think we can play a broader role. As you can see, in terms of human resource development, presence, brand, in all these areas that we can play a role. Of course, when it comes to AI, overseas markets are more advanced. Technical transplantation is another role that we can play.



Matsuura: I talked about all these three different topics quite extensively. But one thing that I would like to mention once again in terms of our growth area is the cost side. With business growth being so rapid, we had to respond to the regulatory and the requirements. The gross margin increased significantly, but so was the case for the expenses. Expenses have increased significantly over the last several years because we have had to implement new systems. To introduce those new systems, we had a manpower shortage, so we had to use outsourcing partners and consultants. To be honest with you, we sourced these resources to meet pressing timelines, and that contributed to the growth in expenses.

Now that the platform is now stabilizing, as you can see from the bottom left, we are trying to improve the efficiencies through consolidating operations and in-sourcing our activities and also trying to optimize our procurement costs. Utilizing AI, we are now looking into and reviewing our fixed costs. For Global CIB Business, in 2028, compared to 2025, we are expecting a JPY50 billion reduction. Of course, this is still work in progress. Execution will continue to be implemented from here onwards, but each of the individual divisions now have a solid plan as to what to address. We will have to steadily move ahead with this plan.

As you can see on the right-hand side, especially in India, we have the global capability center called MGS with Pune serving as our third location. We positioned Pune mainly as the development center for AI, and we would like to leverage these assets so that we can achieve this cost reduction of more than JPY50 billion.

Top line is, of course, important, but so is expanding the bottom line. We would like to closely monitor this. That's another focus area that we are addressing right now.

Finally, today is September 11. This is the 25th year after the September 11 attacks, 23 of our colleagues were lost because of that event. We held a memorial ceremony to remember them. These 23 members and the foundation that was built on by them are now leveraged for us to engage in this global business. I really think that we could not have this day without these 23 members that we lost 25 years ago. We would like to pay respect and express our gratitude to the generations that came before us, including the 23 colleagues.

Our management team here would like to take advantage of the heritage that we have received from them and pass on the baton to the next generation.

That's all for myself. Thank you very much for your attention.