

FY2026 Financial Results Presentation: Summary of Q&A

Q: Financial targets - Outlook for FY26

A: Considering that we realized losses in the Bond portfolio of approximately JPY 0.15T in FY25, we understand the view that the FY26 Outlook of 1.30T does not show particularly strong growth. However, both upside and downside factors are being considered here: upside (P/L positive) items such as the absence of loss realization, and downside (P/L negative) items such as last year's one-off income items and tax related items. We see our Net Income (Profit Attributable to Owners of Parent) for FY25 as approximately JPY 1.15T on a normalized basis and, when viewed from that level, the Outlook of JPY 1.30T represents substantial growth and is appropriately ambitious.

Q: Key challenges currently recognized

A: We see a number of issues we need to address.

First, in mass retail business (Japan) we need to take deposit balances up another notch—that's a major priority. From FY26, I've appointed Naoshi Inomata as the Head of Domestic Retail Business & Co-Head of RBC and have trusted him with the tasks of laying out all required initiatives, clarifying the timelines to address them, and driving their execution.

In Wealth Management & Asset Management (Japan), we recognize we are trailing some of the major securities firms. We need to enhance employee training and broader efforts to build AUM and asset balances—for example through wrap products (consolidated investments that bundle various financial assets). We spent a lot of time last year discussing how to structure joint initiatives with Asset Management One, and we will now execute and improve our performance in this area.

For corporate wholesale business, we see comparatively fewer issues. The key going forward is stronger coordination across our four global regions. The Americas, which used to operate independently, has recently taking a lead in such collaboration and this is a significant change, and we believe we can grow corporate wholesale business should this continue.

Q: Discipline on RWA allocation

A: The increase in RWAs toward the end of FY25 was largely driven by an increase in bridge financing.

Providing financing to customers looking to secure liquidity in light of the Middle East situation has been building since April, but at this point in time, not at particularly notable scale.

We are reaffirming, group-wide, our “origination and distribution” approach—an area that we have a strong track record. That includes using capital markets to rotate, shrink, and replace RWAs.

We will also continue to reassess Return on Risk Assets, exiting assets with low return and without prospect of improvement, and replacing them with those with higher return. While maintaining discipline, we will stay mindful of the adequacy of our capital and profitability—and will appropriately return capital to shareholders.

Q: Shareholder Return in FY26 (specifically share buybacks)

A: Our Shareholder Return Policy remains unchanged: we will continue to use a total payout ratio of 50% or more as a guide. On the other hand, the situation in the Middle East remains uncertain, so we will implement returns flexibly while monitoring the impact on our financial performance and corporate demand for financing. There is absolutely no concern that returns would be constrained by Rakuten Group’s Fintech Business reorganization.

Q: Domestic competition for deposit acquisition

A: I recognize that competition has intensified. That said, banks in Japan are acquiring deposits by paying significant costs and given that our current JPY loan-to-deposit ratio is around 50%, we can give appropriate consideration before spending excessively on acquisition costs.

At the same time, we drove account acquisition campaigns more aggressively last year, and newly acquired accounts grew from 400k to 500k. Though, for time deposits, I have instructed staff to “test the waters” here, observing and verifying on a pilot basis the potential effectiveness of any extra cost paid.

As for corporate deposits, competition has also clearly intensified. It is increasingly a seller’s market, and we are seeing more cases where the bank that is willing to pay up wins the deposit—so costs could rise here. Regarding sensitivity to the BOJ Policy rate, we maintain for the time being a pre-tax benefit of JPY 120B per +25 bps, but if costs for corporate deposits and the like increase, we may need to consider revising that going forward.

Q: Mass market retail strategy

A: There are several areas where we need to strengthen mass market retail business in Japan. First, the role and format of branches is a key topic. We need to further improve their “presence” (i.e., exterior prominence, location, visibility, ease of access etc.), also reassessing whether current locations are optimal or not. Renovation itself is also important. For example, we revamped our Kamiyacho (high-profile central Tokyo district) branch. While it is primarily aimed at affluent customers, visits have increased, and transactions have also. In this way, we will continue updating branches, including how we present them.

On fee structures: we don’t believe we are behind other major banks, but communication of such to customers has not been done effectively. More proactive promotion of initiatives such as the Mizuho-Rakuten Card and points programs will be an important next step.

Third, in digital channels, we need ongoing upgrades. Our app rating on the App Store has improved to 4.5, but we still see room for another round of enhancements.

Q: Outlook for the Americas business and the possibility of inorganic growth

A: The current structure of our Americas business (FY25 Presentation to Investors, P19) does not need a major overhaul, but we believe there is room for further growth in fee business. In practice, this starts with M&A. Starting from M&A, we connect to financing, bring in bridge financing, it then leads to capital markets business, DCM or ECM etc. Our policy is to strengthen this chain and increase volumes. Since Greenhill joining, we are seeing deals with counterparties we previously could not have even imagined, which gives us a sense that there is still potential in the Americas. A good example of this is winning cross-border M&A mandates, such as our exclusive financial advisory of Uber’s acquisition of Blacklane.

Regarding inorganic growth, it is not something we envision in the Americas at this moment. Even though integration of Greenhill has progressed considerably, there may still be areas not fully completed. We think the proper order to follow here is to first complete this PMI, fully generate synergies, confirm that Americas earnings step up a notch, and then—if an opportunity arises—consider further inorganic growth.

Also, since we already have CIB capabilities situated in-house, even if we were to bring in another firm’s CIB function through investment, functions would likely overlap, and we thereby feel that there are few suitable targets. That said, we are not completely ruling out the possibility, just that first and foremost, we want to fully complete integration of Greenhill.

Q: Medium- to long-term ROE outlook

A: As an immediate commitment, we are targeting ROE of 12% or more for FY28, without assuming any further BOJ policy rate hikes. Achieving ROE over 12% would require roughly JPY 1.5T in Net Income, and we are aiming to achieve that as an absolute must across the Group. That said, the impact of BOJ Policy Rate hikes is also significant: we expect ROE to rise by about 0.6–0.7% per 25 bps. We also need to reduce expenses, and we will proceed using AI and other tools. As a mid-term “desired state,” we do believe the main path is to aim for ROE around 15% while incorporating interest-rate factors, but we do not yet have a clear timeline at this point.

Q: Risks to business execution going forward

A: With Rakuten Securities, we have continued initiatives such as referring Mizuho Bank customers to Rakuten Securities and linking various payment services with Rakuten Securities (including yen and foreign currency). In addition, we have also been distributing Mizuho-originated products through Rakuten Securities; for example, in retail corporate bonds offered through Rakuten Securities, we have achieved tangible collaboration results such as same-day sell-outs.

Furthermore, Rakuten Securities—strong in online—and Mizuho—strong in face-to-face—jointly launched “MiRal Wealth Partners.” While still small in scale, customer consultations have been increasing, and AUM is growing considerably.

Overall, our collaboration with Rakuten Securities is still at the stage of starting from the basics, so it is difficult to say that it is showing up clearly in earnings. However, we do not necessarily believe it is something that must “immediately” become visible in earnings.

For Rakuten Card, progress is running 30% above the internal KPI we set for the number of Mizuho-Rakuten Cards issued, and we are getting a very positive feel for being able to collaborate through a card connected to the Rakuten ecosystem.