

Major Q&A at the FY3/23 Investors Meeting

Q1. Why is target of FY3/24 conservative?

A1. Bottom-line profit target of JPY 820 bn is the minimum number we need to achieve even if the down-side risk scenario arises in this uncertain environment. I believe we can aim higher goal as long as the current positive momentum continues, while keeping in mind the record high profit as Group CEO.

Q2. How do you plan to reallocate the management resources in the new Medium-Term Management Plan?

A2: Our profit has been increasing mainly due to RWA increase, but it is essential for us to reallocate management resources more dynamically in the new Medium-Term Management Plan. We will boldly reduce inefficient labor-intensive businesses, low-growth / low-profitability assets, or assets whose holding rationale has decreased due to environmental change, such as strategic shareholding and existing investments, and reallocate management resources firmly for proceeding growth initiatives and strengthening the corporate infrastructure. We will improve ROCET1 from both the numerator and denominator aspects with a strong focus on profitable growth and dynamic resource reallocations.

Q3. What is the plan of profit contribution from the past in-organic investments?

A3: In terms of Multi-Franchise Strategy in Asia, we expect the growth around GDP growth rate of each target country and additional upside from the efforts of each investee and synergies. Through the further capital and business alliance with Jefferies, we have expanded collaborative areas to capital markets and M&A services for investment grade companies and aim to increase profit by strengthening overseas security business. As the seeds we have sown are steadily sprouting, I believe them to bear fruit as medium- to long-term growth drivers and become huge upside potential.

Q4. What is the policy of capital management?

A4. We might consider accumulating capital to prepare for the uncertainty or recession, but our capital policy remains unchanged: managing CET1 ratio between the range of 9.5-10.5% and allocating excess capital to shareholder returns and investing for growth in a balanced manner. In terms of investment for growth, we will focus on PMI for the past investments and realize profit contribution in the new Medium-Term Management Plan. For the shareholders return, we will maintain progressive dividend policy and dividend payout ratio of 40%, while increasing DPS by bottom-line profit growth. We will conduct share buybacks flexibly considering the balance with investment for growth.

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