

# **Financial Highlights for Fiscal Year 2023 (Ended March 31, 2024)**



**Resona Holdings**

**May 14, 2024**

# Outline of Financial Results for FY2023

## ■ Net income attributable to owners of parent : JPY158.9 bn

- Down JPY1.4 bn, or 0.9%, YoY, Progress rate against the full year target\*1 : 105.9%
- ROE (stockholders' equity) : 7.2%, ROE (TSE standard) : 6.0%

## ■ Actual net operating profit : JPY211.3 bn, Up JPY15.6 bn, or 7.9%, YoY

### Core income\*2 (actual basis excluding extraordinary factors\*3,4)

: JPY158.7 bn, Down JPY4.8 bn, YoY

### Progress rate against the full year target\*5 : 105.8%

## ● Gross operating profit : JPY627.4 bn, Up JPY27.4 bn, or 4.5%, YoY

- Net interest income from domestic loans and deposits : Down JPY2.0 bn, YoY  
Average loan balance : +3.74%, YoY, Loan rate : down by 3bps, YoY  
[Excluding loans to the Japanese government and others]  
Average loan balance : +3.08%, YoY, Loan rate : down by 3bps, YoY

### A turnaround in 2H toward profit growth

[1H : Down JPY2.7 bn, YoY, 2H : Up JPY0.7 bn, YoY]

- Fee income : Up JPY4.8 bn\*3, YoY

### Achieved fourth consecutive year of annual growth in profit and hit a historic high

- Net gains on bonds (including futures) : Up JPY21.3 bn, YoY

### Increased due to a reaction to the measures taken in the previous year to restore soundness, etc.

## ● Operating expenses : JPY416.5 bn, increased by JPY11.8 bn\*4, YoY

### Enhanced investment in human resources and IT while controlling funds invested within the planned budget

## ■ Credit costs : JPY35.6 bn (cost), increased by JPY19.7 bn, YoY 93.8% against the full year budget of JPY38.0 bn

## ■ Completion of the merger of HD and KMFG (Apr. 1, 2024)

## ■ Announced the new plan for reduction of policy-oriented stock holdings

## ■ Annual DPS in FY2024 (forecast) : 23 yen (1 yen increase, YoY)

## ■ Share buyback up to JPY20.0 bn

HD consolidated (JPY bn)	FY2023 (a)	YoY change			FY2024 Target (f)
		(b)	Rate of change (c)	1H (d)	
<b>Net income attributable to owners of parent</b>	(1) <b>158.9</b>	<b>(1.4)</b>	<b>(0.9)%</b>	<b>(0.1)</b>	<b>(1.3)</b>
EPS (yen)	(2) 67.77	+0.29	+0.4%		
BPS (yen)	(3) 1,184.76	+119.45	+11.2%		
ROE(stockholders' equity)	(4) 7.2%	(0.3)%			
ROE(TSE standard)	(5) 6.0%	(0.5)%			
Gross operating profit	(6) 627.4	+27.4	+4.5%	+21.7	+5.7
Net interest income	(7) 421.6	+2.3		(7.3)	+9.6
Nil from loans and deposits*5	(8) 332.1	(2.0)		(2.7)	+0.7
Interest on yen bonds, etc.*7	(9) 30.9	+5.4		+2.6	+2.8
Interest on borrowings from trust account	(10) (4.2)	*3 (2.5)		(1.8)	(0.6)
Fee income	(11) 213.5	+4.8		(2.9)	+7.8
Fee income ratio	(12) 34.0%	(0.7)%			
Trust fees	(13) 25.4	+3.8		+2.2	+1.5
Joint management designated money trust	(14) 4.4	*3 +2.4		+1.8	+0.6
Fees and commission income	(15) 188.1	+1.0		(5.1)	+6.2
Other operating income	(16) (7.7)	+20.1		+31.9	(11.7)
Net gains on bonds (including futures)	(17) (26.4)	+21.3		+32.2	(10.9)
Operating expenses (excluding group banks' non-recurring items)	(18) (416.5)	(11.8)	(2.9)%	(3.0)	(8.8)
Cost income ratio (OHR)	(19) 66.3%	(1.0)%			
<b>Actual net operating profit</b>	(20) <b>211.3</b>	<b>+15.6</b>	<b>+7.9%</b>	<b>+18.7</b>	<b>(3.0)</b>
<b>Core income (actual basis)</b>	(21) <b>158.7</b>	<b>(4.8)</b>	<b>(2.9)%</b>	<b>(7.9)</b>	<b>+3.1</b>
Net gains on stocks (including equity derivatives)	(22) 60.1	+6.2		(14.4)	+20.6
Credit costs	(23) (35.6)	(19.7)		(2.5)	(17.1)
Other gains, net	(24) (12.9)	(4.1)		(3.0)	(1.1)
<b>Net income before income taxes and non-controlling interests</b>	(25) <b>223.0</b>	<b>(2.0)</b>	<b>(0.9)%</b>	<b>(1.2)</b>	<b>(0.7)</b>
Income taxes and other	(26) (64.6)	(1.3)		+0.9	(2.3)
Net income attributable to non-controlling interests	(27) 0.6	+1.9		+0.1	+1.8

\*1. Full year target of FY2023: JPY150.0 bn \*2. Net interest income from domestic loans and deposits + Interest on yen bonds, etc. + Fee income + Operating expenses

\*3. Impact of the joint management designated money trust : Up JPY2.4 bn (interest of borrowings due to trust account : Down JPY2.4 bn)

\*4. Factor of the transforming two leasing companies into our wholly owned subsidiaries (4Q) : Down JPY1.1 bn \*5. Full year core income target of FY2023: JPY150.0 bn

\*6. Total of non-consolidated domestic banking accounts of group banks, deposits include NCDs

\*7. Interest on yen bonds and income from interest rate swaps

# Review of Financial Results for FY2023

**1 Net income stood at JPY158.9 bn (105.9% compared with the target) as we made progress in developing foundations toward “Profitability surpassing MMP target”**

**2 Core income\*<sup>1</sup> was JPY8.7 bn (105.8% compared with the target) in excess of the target. Made a good start in FY2024 after gaining momentum in 2H of FY2023**

- ✓ NII from domestic loans and deposits : Achieved a turnaround in 2H as anticipated under the MMP  
YoY comparisons by quarter : 1Q JPY(0.8) bn ⇒ 2Q JPY(1.8) bn ⇒ 3Q +JPY0.0 bn ⇒ 4Q +JPY0.7 bn
- ✓ Fee income : Will achieve even stronger results in FY2024 after accomplishing a fourth consecutive year of annual growth in profit and hitting a historic high
- ✓ Interest on yen bonds, etc. : Increased JPY5.4 bn, YoY, thanks to the expansion of our interest income position in line with changes in the environment; aim to constantly raise the interest income in FY2024

**3 Steady progress in capital utilization, while maintaining soundness**

- ✓ Expansion in corporate loan balance exceeding the MMP’s assumption: Taking into account our FY2023 results alongside expectations under the FY2024 plan, we now aim to achieve +JPY2.5 tn over two years (the MMP is originally aimed to achieve +JPY2.6 tn over three years)
- ✓ Closed two deals regarding (i) the transforming two leasing companies into our wholly owned subsidiaries and (ii) the expansion of DG\*<sup>2</sup> capital and business alliances in inorganic growth fields
- ✓ While we utilized capital as described above, CET1 ratio has been well under control at 9.9% (FY2023 actual); we aim to keep the ratio unchanged in FY2024 and flat against the MMP target
- ✓ ROE\*<sup>3</sup> stood at 7.2% (FY2023 actual), and we aim to achieve 7.3% in FY2024. If there is further interest rate hike, we also anticipate another significant increase

**4 Create management resources to accelerate growth (equivalent to JPY300.0 bn in capital)**

- ✓ The new plan for reduction of policy-oriented stock holdings : Cut back on the book value to over 2/3 of the current level by end of Mar. 2030 and reduce the fair value-based ratio to consolidated net assets to 10% level

**5 Enhance shareholder returns**

- ✓ Trend in total returns : 1H of FY23 JPY35.9 bn, 2H of FY23 JPY40.7 bn, 1H of FY24 (forecast) JPY46.9 bn
- ✓ DPS increase for second consecutive fiscal years (FY22 : 21 yen ⇒ FY23 : 22 yen ⇒ FY24 (forecast) : 23 yen)

\*1. Actual basis excluding extraordinary factors (impact of the joint management designated money trust : +JPY2.4 bn, the transforming two leasing companies into our wholly owned subsidiaries: JPY(1.1) bn) \*2. Digital Garage \*3. Based on stockholders’ equity

# Breakdown of Financial Results for FY2023

(JPY bn)	Resona Holdings (Consolidated)		Total of group banks		Resona Bank		Saitama Resona Bank		Kansai Mrai Bank		Minato Bank		Difference (a)-(c)	
	(a)	YoY (b)	(c)	YoY (d)	(e)	YoY (f)	(g)	YoY (h)	(i)	YoY (j)	(k)	YoY (l)		
<b>Gross operating profit</b>	(1)	<b>627.4</b>	<b>+27.4</b>	<b>567.2</b>	<b>+23.0</b>	<b>326.8</b>	<b>+16.9</b>	<b>108.8</b>	<b>+1.1</b>	<b>89.6</b>	<b>+2.1</b>	<b>41.8</b>	<b>+2.7</b>	<b>60.2</b>
Net interest income	(2)	421.6	+2.3	412.6	(0.3)	218.0	(6.6)	83.3	+1.6	77.5	+2.1	33.6	+2.5	9.0
Nil from domestic loans and deposits	(3)	332.1	(2.0)	332.1	(2.0)	172.8	(0.5)	65.7	(1.0)	67.8	(0.7)	25.7	+0.3	
Interest on yen bonds, etc.	(4)	30.9	+5.4	30.9	+5.4	18.1	+0.7	8.0	+3.3	2.5	+0.2	2.2	+1.0	
Net gains on cancellation of investment trusts *1	(5)	3.1	+2.9	3.1	+2.8	1.1	+1.1	0.1	+0.1	1.5	+1.2	0.2	+0.2	—
Interest on borrowings from trust account	(6)	(4.2)	(2.5)	(4.2)	(2.5)	(4.2)	(2.5)							
Fee income	(7)	213.5	+4.8	164.6	+3.9	110.6	+5.1	30.4	+0.0	13.2	(1.6)	10.1	+0.4	48.9
Fee income ratio	(8)	34.0%	(0.7)%	29.0%	(0.4)%	33.8%	(0.1)%	28.0%	(0.2)%	14.8%	(2.2)%	24.2%	(0.5)%	
Trust fees	(9)	25.4	+3.8	25.4	+3.7	25.3	+3.7	0.0	(0.0)	0.0	+0.0	—	—	(0.0)
Joint management designated money trust	(10)	4.4	+2.4	4.4	+2.4	4.4	+2.4							
Fees and commission income	(11)	188.1	+1.0	139.1	+0.2	85.3	+1.4	30.4	+0.0	13.2	(1.6)	10.1	+0.4	48.9
Other operating income	(12)	(7.7)	+20.1	(9.9)	+19.3	(1.8)	+18.4	(4.9)	(0.5)	(1.1)	+1.7	(1.9)	(0.2)	2.1
Net gains on bonds (including futures) *1	(13)	(26.4)	+21.3	(26.4)	+21.3	(14.5)	+19.3	(7.0)	+0.0	(2.5)	+2.0	(2.2)	(0.1)	0.0
Operating expenses (excluding group banks' non-recurring items)	(14)	(416.5)	(11.8)	(384.8)	(8.0)	(212.0)	(5.7)	(76.0)	(2.5)	*2 (64.3)	+1.3	(32.3)	(0.9)	(31.7)
Cost income ratio (OHR)	(15)	66.3%	(1.0)%	67.8%	(1.3)%	64.8%	(1.6)%	69.8%	+1.6%	71.7%	(3.2)%	77.4%	(3.0)%	
<b>Actual net operating profit</b>	(16)	<b>211.3</b>	<b>+15.6</b>	<b>182.4</b>	<b>+15.0</b>	<b>114.7</b>	<b>+11.2</b>	<b>32.8</b>	<b>(1.4)</b>	<b>25.3</b>	<b>+3.4</b>	<b>9.4</b>	<b>+1.8</b>	<b>28.9</b>
<b>Core income</b>	(17)	<b>160.0</b>	<b>(3.5)</b>	<b>142.8</b>	<b>(0.5)</b>	<b>89.5</b>	<b>(0.3)</b>	<b>28.2</b>	<b>(0.2)</b>	<b>19.3</b>	<b>(0.8)</b>	<b>5.7</b>	<b>+0.9</b>	<b>17.2</b>
<b>Core income (actual basis)</b>	(18)	<b>158.7</b>	<b>(4.8)</b>	<b>140.3</b>	<b>(3.0)</b>	<b>87.0</b>	<b>(2.8)</b>	<b>28.2</b>	<b>(0.2)</b>	<b>19.3</b>	<b>(0.8)</b>	<b>5.7</b>	<b>+0.9</b>	<b>18.4</b>
<b>Core net operating profit (excluding gains on cancellation of investment trusts)*3</b>	(19)			<b>209.4</b>	<b>(4.3)</b>	<b>130.7</b>	<b>(7.3)</b>	<b>40.8</b>	<b>+1.1</b>	<b>26.3</b>	<b>+0.0</b>	<b>11.5</b>	<b>+1.8</b>	
Net gains on stocks (including equity derivatives)	(20)	60.1	+6.2	60.6	+6.3	45.4	(0.1)	14.1	+7.4	0.2	(1.2)	0.7	+0.2	(0.4)
Credit costs	(21)	(35.6)	(19.7)	(29.6)	(14.5)	(19.9)	(10.3)	(3.7)	(1.6)	(4.3)	(3.8)	(1.6)	+1.3	(6.0)
Other gains, net	(22)	(12.9)	(4.1)	(12.4)	(3.8)	(5.4)	(1.1)	(3.9)	(2.4)	(2.3)	+0.2	(0.6)	(0.4)	(0.4)
<b>Net income before income taxes</b>	(23)	<b>223.0</b>	<b>(2.0)</b>	<b>200.9</b>	<b>+2.9</b>	<b>134.8</b>	<b>(0.4)</b>	<b>39.2</b>	<b>+1.9</b>	<b>18.9</b>	<b>(1.4)</b>	<b>7.9</b>	<b>+2.9</b>	<b>22.0</b>
Income taxes and other	(24)	(64.6)	(1.3)	(57.3)	(0.9)	(38.9)	(0.4)	(11.5)	(0.1)	(3.5)	+1.6	(3.3)	(1.9)	
Net income attributable to non-controlling interests	(25)	0.6	+1.9											
<b>Net income (attributable to owners of parent)</b>	(26)	<b>158.9</b>	<b>(1.4)</b>	<b>143.6</b>	<b>+2.0</b>	<b>95.9</b>	<b>(0.8)</b>	<b>27.7</b>	<b>+1.7</b>	<b>15.3</b>	<b>+0.1</b>	<b>4.6</b>	<b>+0.9</b>	

\*1. Losses on cancellation of investment trusts are posted in the net gains on bonds since net of the losses and dividends from investment trusts become negative  
FY22 (RB/SR): Losses on cancellation of investment trusts: JPY(3.2) bn, dividends from investment trusts: + JPY1.7 bn → net amount: JPY(1.4) bn

\*2. Exclude goodwill amortization by KMB, JPY(0.7) bn, related to acquisition of former Biwako Bank

\*3. Actual net operating profit - Gains on cancellation of investment trusts - Net gains on bonds

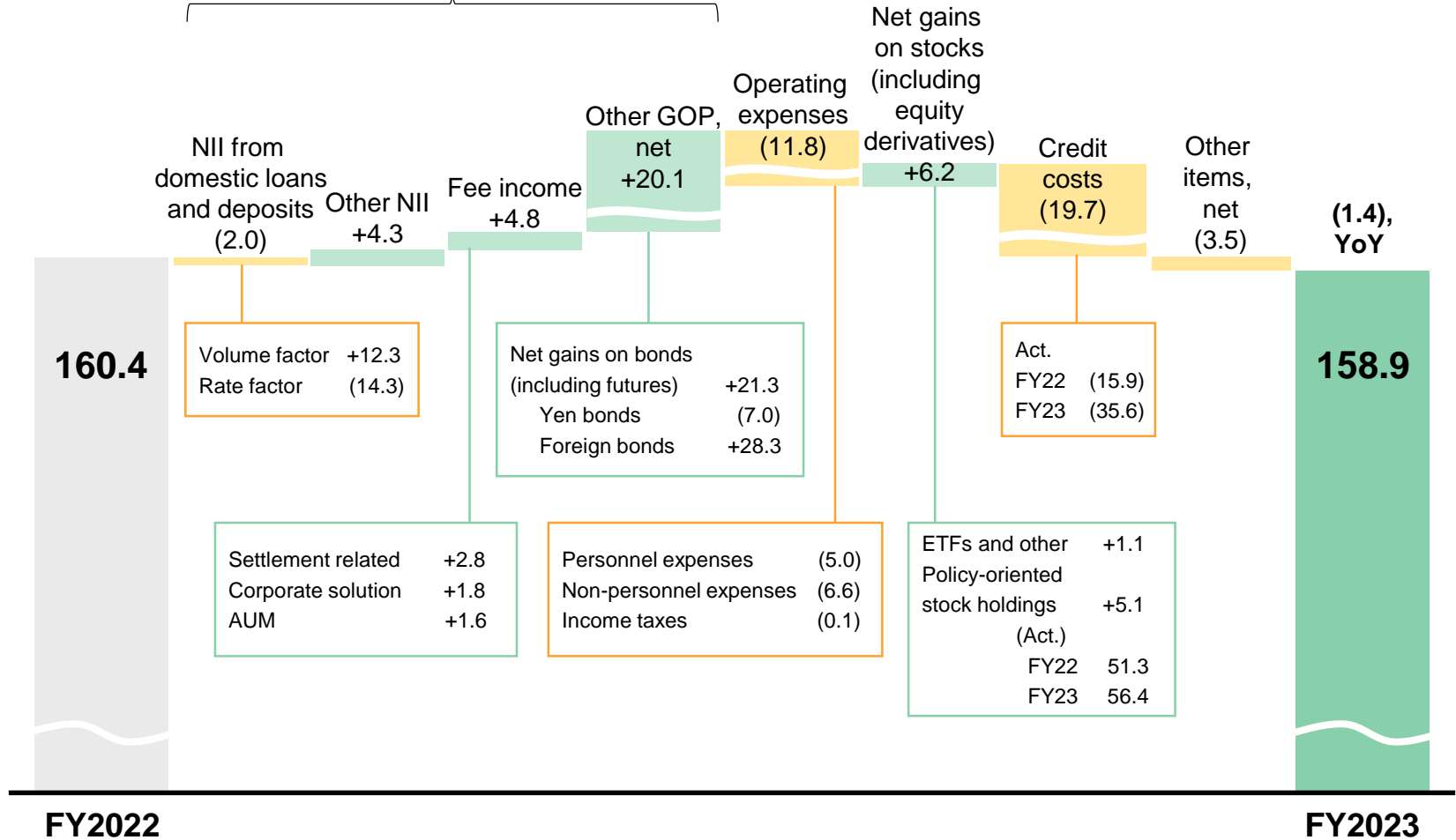
# Factors for the Changes in Net Income Attributable to Owners of Parent (YoY Comparison)

HD  
Consolidated

(JPY bn)

Actual net operating profit +15.6

Gross operating profit +27.4



FY2022

FY2023

# Trend of Loans and Deposits (Domestic Account)

Total of Group Banks

## Average loan / deposit balance, rates and spread

### FY23 (YoY)

[Excluding loans to the Japanese gov. and others]

Average loan balance : +3.08%, Loan rate : (3) bps

=> FY24 (Plan) +4.23% +0 bps

### Growth in corporate loan balance gained greater momentum, while net interest income made turnaround (FY24 +4bps, YoY)

Avg. bal. (YoY change) : FY22 +2.1% => FY23 +4.1% => FY24 +6.4%

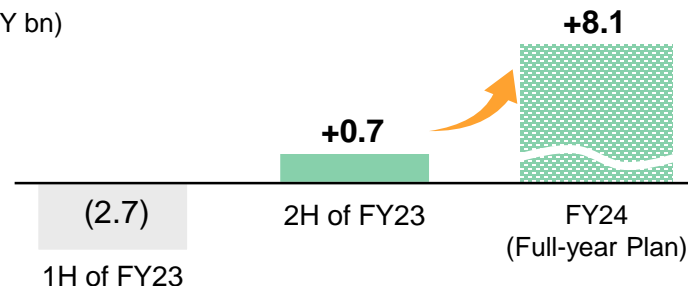
Avg. bal. : Trillion Yen Income/Cost : Billion Yen		FY2023		FY2024	
		Act. (a)	YoY <sup>3</sup> (b)	Plan (c)	YoY <sup>3</sup> (d)
Loans	Avg. bal. (1)	41.29	+3.74%	41.30	+0.01%
	Rate (2)	0.81%	(0.03)%	0.85%	+0.04%
	Income (3)	334.9	(2.5)	351.6	+16.7
Corporate banking business unit <sup>1</sup>	Avg. bal. (4)	22.81	+2.99%	24.02	+5.30%
	Rate (5)	0.79%	(0.02)%	0.82%	+0.03%
Corporate Loan	Avg. bal. (6)	19.67	+4.14%	20.95	+6.48%
	Rate (7)	0.75%	(0.01)%	0.79%	+0.04%
Personal banking business unit <sup>2</sup>	Avg. bal. (8)	14.23	+1.16%	14.49	+1.82%
	Rate (9)	1.03%	(0.03)%	1.00%	(0.03)%
Deposits (Including NCDs)	Avg. bal. (10)	62.39	+2.20%	63.94	+2.48%
	Rate (11)	0.00%	(0.00)%	0.01%	+0.01%
	Cost (12)	(2.7)	+0.5	(11.3)	(8.5)
Loan-to-deposit	Spread (13)	0.80%	(0.03)%	0.83%	+0.02%
	Net interest income (14)	332.1	(2.0)	340.3	+8.1

## Net interest income from domestic loans and deposits

- NII from domestic loans and deposits began to grow, achieving a turnaround in 2H of FY23; plans call for expanding NII from these operations by +JPY8.1 bn in FY24

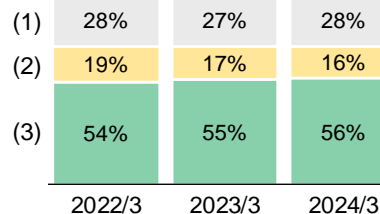
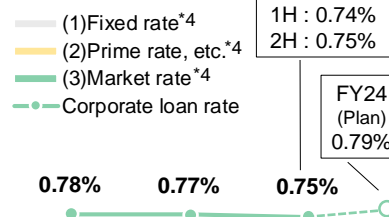
[Trends in NII from domestic loans and deposits (YoY change) ]

(JPY bn)

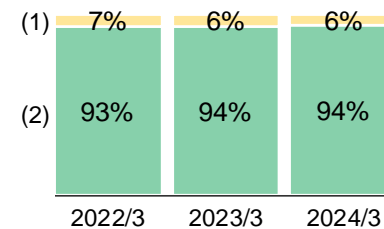
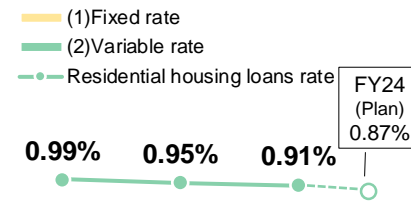


## Loan rate on a stock basis and composition by interest rate type

### [Corporate loan]



### [Residential housing loan]



\*1. Corporate loans (excluding loans to HD) + apartment loans, Figures are for internal administration purpose

\*2. Residential housing loans + other consumer loans, Figures are for internal administration purpose \*3. Average balance : rate of change

\*4. Corporate banking business unit (excluding apartment loans) + public corporation, etc.

# Term-end Balance of Loans and Deposits

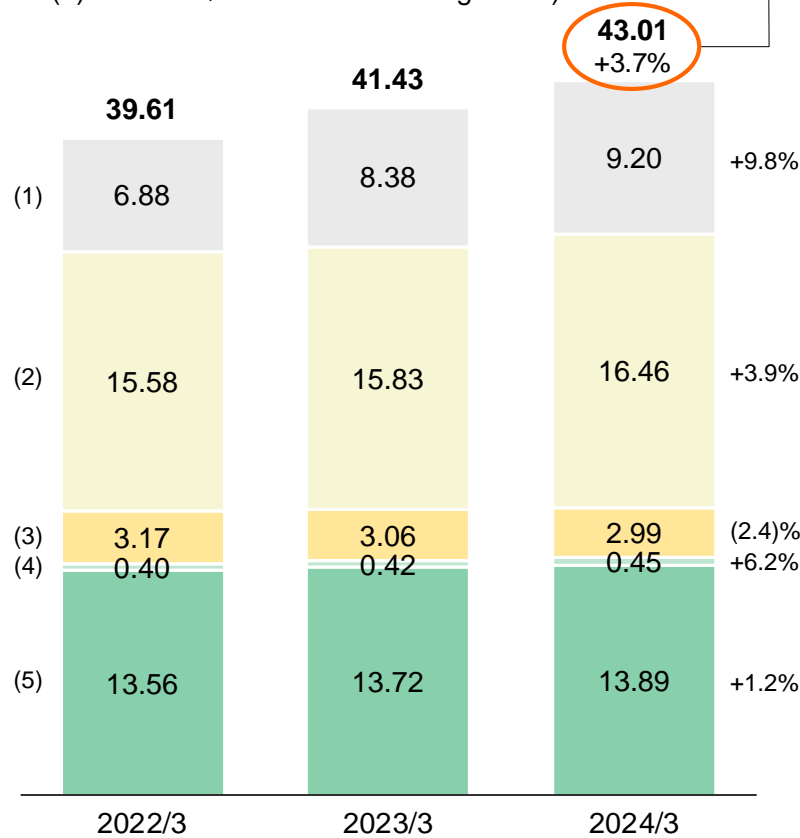
Total of Group Banks

## Term-end loan balance

[ JPY tn, % represents YoY change ]

- (1) Corporate (Large companies and other)
- (2) Corporate (SMEs)
- (3) Corporate (Apartment loans)
- (4) Personal (Consumer loans)
- (5) Personal (Residential housing loans)

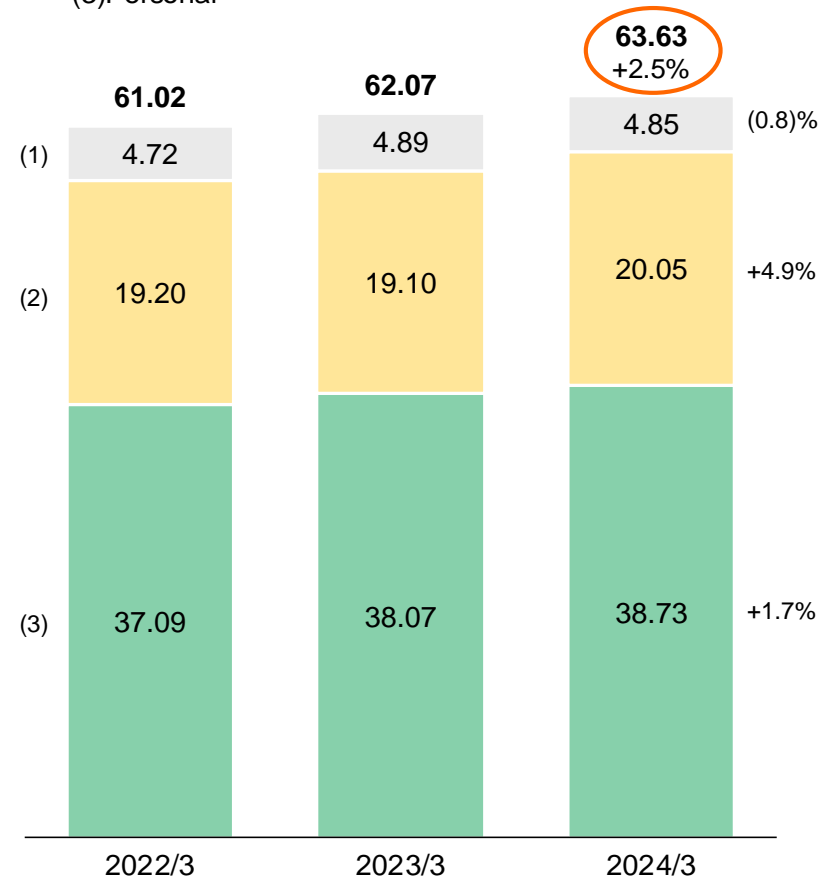
Of which, excluding loans to the Japanese gov. and others [1.90 tn] +4.7%



## Term-end deposit balance

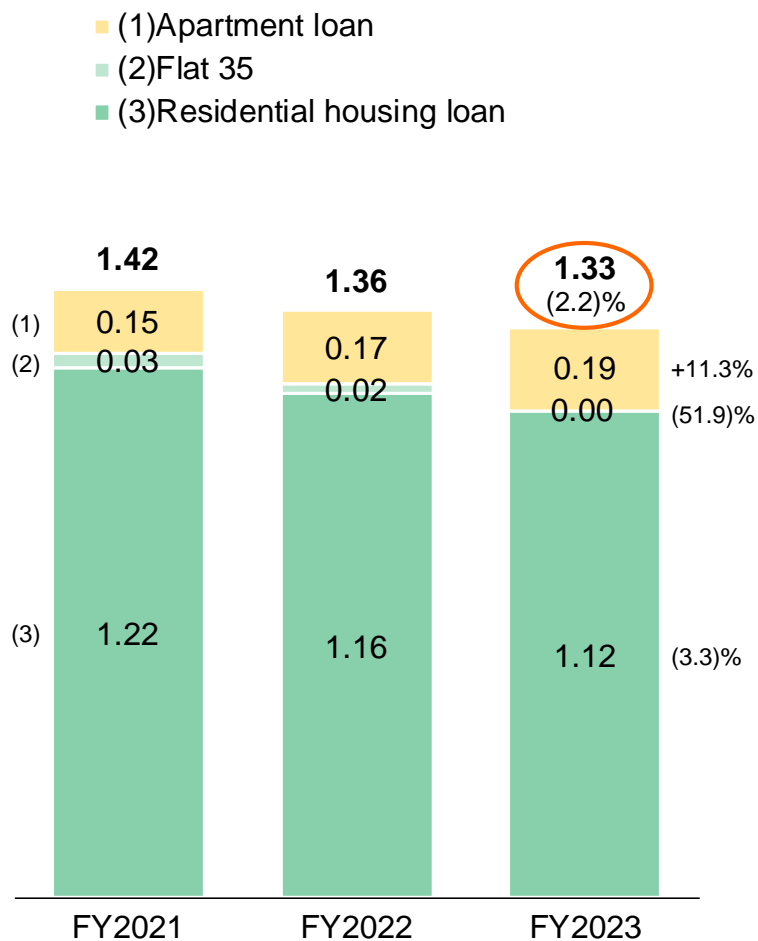
[ JPY tn, % represents YoY change ]

- (1) Other
- (2) Corporate
- (3) Personal



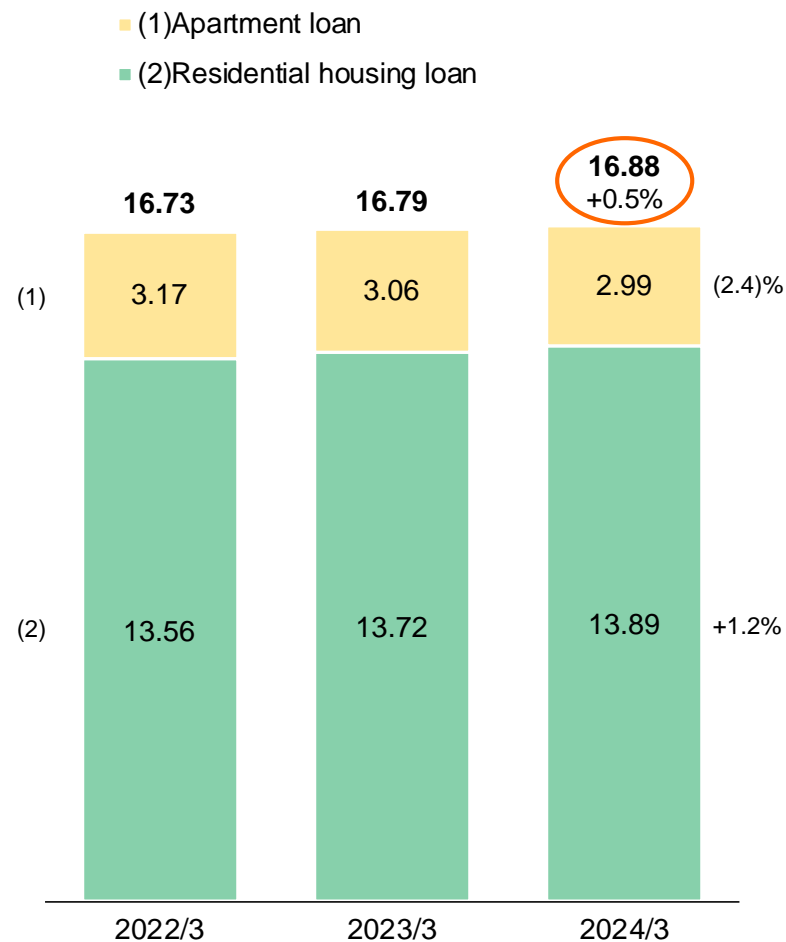
## New housing loan origination

[ JPY tn, % represents YoY change ]



## Term-end housing loan balance

[ JPY tn, % represents YoY change ]



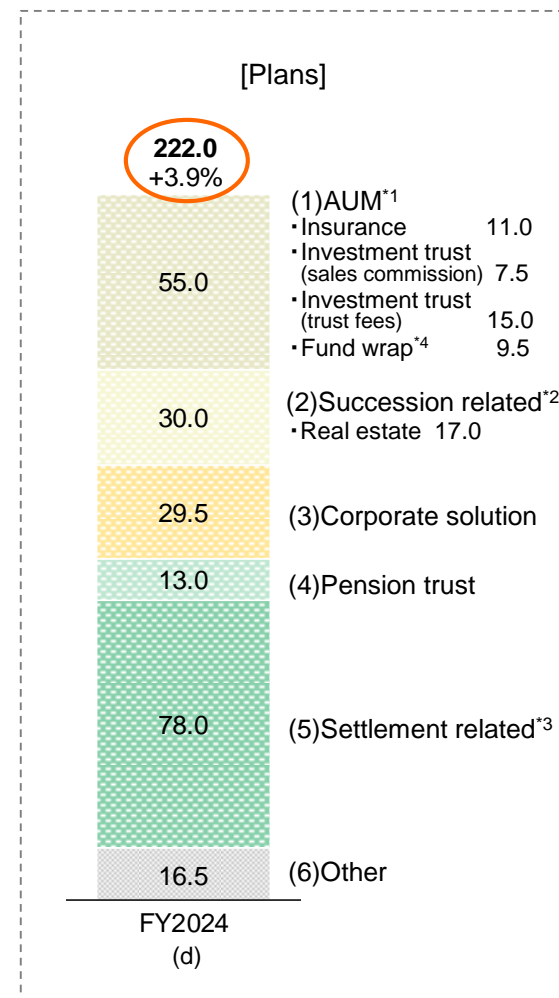
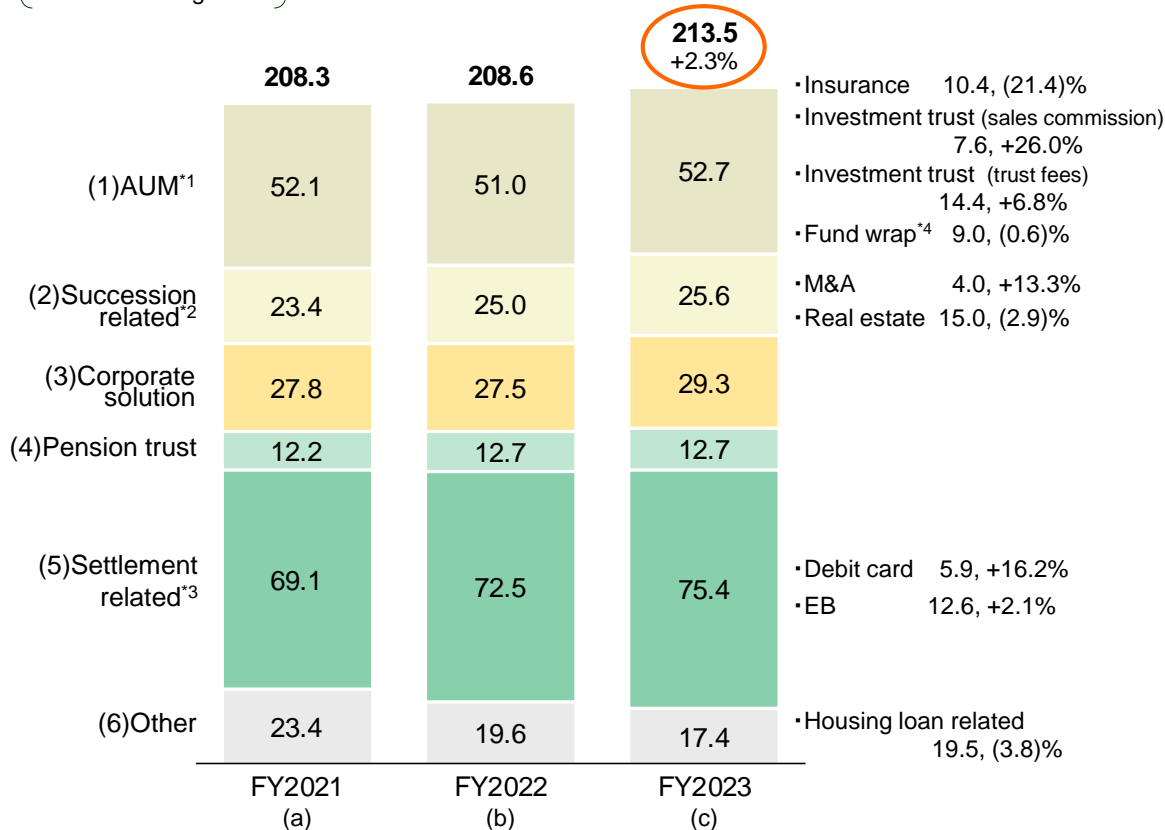


# Fee Income

- Significant increase in 2H of FY23  
1H of FY23 : JPY105.8 bn (down JPY2.9 bn, or 2.7%, YoY) ⇒ 2H of FY23 : JPY107.6 bn (up JPY7.8 bn, or 7.8%, YoY)
- Increased driven by growth in settlement related (up JPY2.8 bn, or 3.9%, YoY) , corporate solution (up JPY1.8 bn, or 6.6%, YoY), etc.

Will achieve even stronger results in FY24 after accomplishing a fourth consecutive year of annual growth in profit, hitting a historic high

(JPY bn, % represents YoY change)



\*1. Insurance and investment trust (sales commission/ trust fees), fund wrap, securities trust and fee income earned by Resona Asset Management related trust, real estate and M&A income \*3. Fees and commission from domestic exchange, account transfer, EB, debit card, etc. and fee income earned by Resona Kessai Service and Resona Card \*4. Including fee income earned by Resona Asset Management

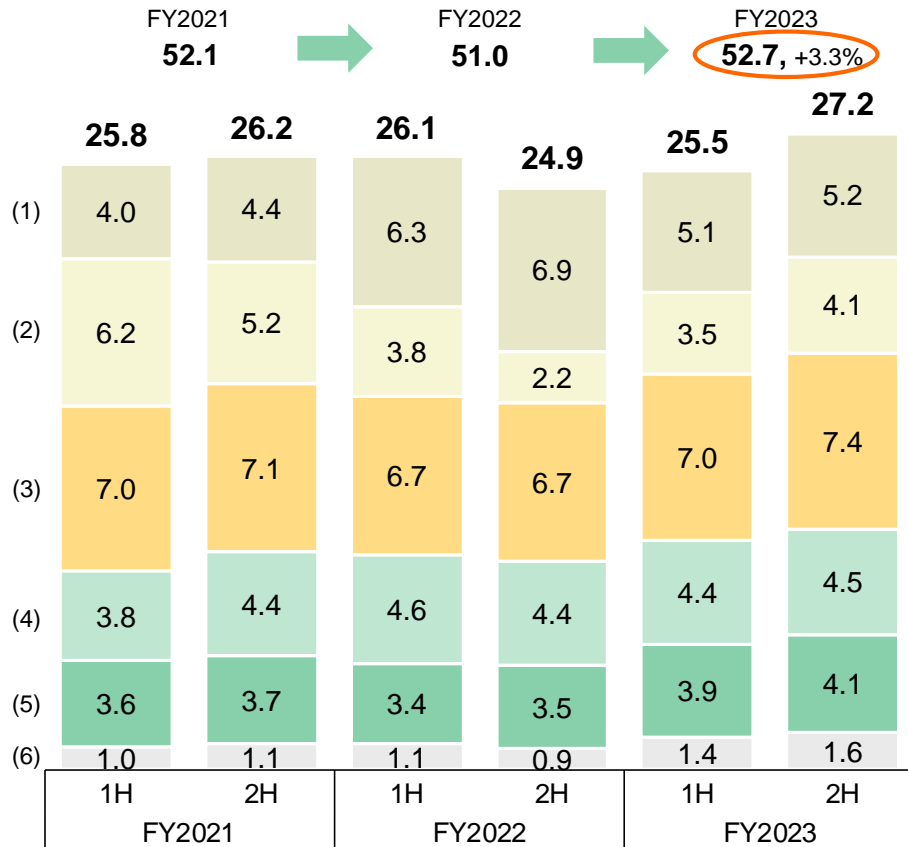
\*2. Asset and business succession

# Major Fee Businesses(1) (AUM)

## AUM income

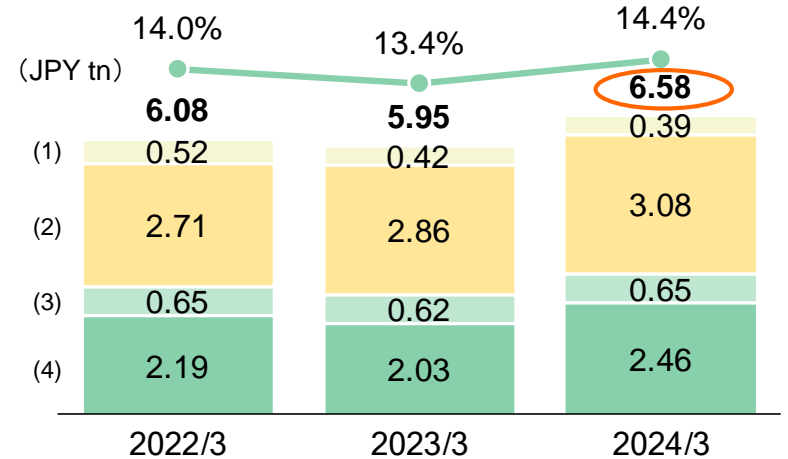
- (1) Insurance
- (2) Investment trust (sales commission)
- (3) Investment trust (trust fees)
- (4) Fund wrap
- (5) Resona Asset Management
- (6) Securities trust

(JPY bn)



## Balance of asset formation support products sold to individuals

- (1) Foreign currency deposits, Public bonds, etc.
- (2) Insurance
- (3) Fund wrap \*1
- (4) Investment trusts \*1
- Asset formation support product ratio \*2



- **Balance of fund wrap\*1,3: Mar. 24 JPY800.3 bn, +7.5%, YoY**  
Of which, external group JPY90.8 bn
- **Change in balance of investment trust and fund wrap :**  
FY23 Approx. +JPY440.0 bn
  - Net inflow (new purchase – withdrawal and redemption):  
Approx. JPY(41.0) bn
- **Number of individual customers having investment trust, fund wrap and insurance products :**  
Mar. 24 1,000 thousands, +22 thousands, YoY
  - Of which, NISA account holders\*4: 436 thousands, +9.9%, YoY\*5
- **iDeCo participants\*6: Mar. 24 190 thousands, +11.1%, YoY**
- **Securities trust (total assets in custody) : Mar. 24 JPY47.5 tn**

\*1. Based on market value \*2. Balance of asset formation support products sold to individuals / (balance of asset formation support products sold to individuals and yen deposits held by individuals) \*3. Including corporation and external group \*4. NISA, Junior NISA, Cumulative NISA \*5. After adjusting for the impact of the review of aggregation standards from the end of March 2024 \*6. iDeCo participants + members giving investment instructions

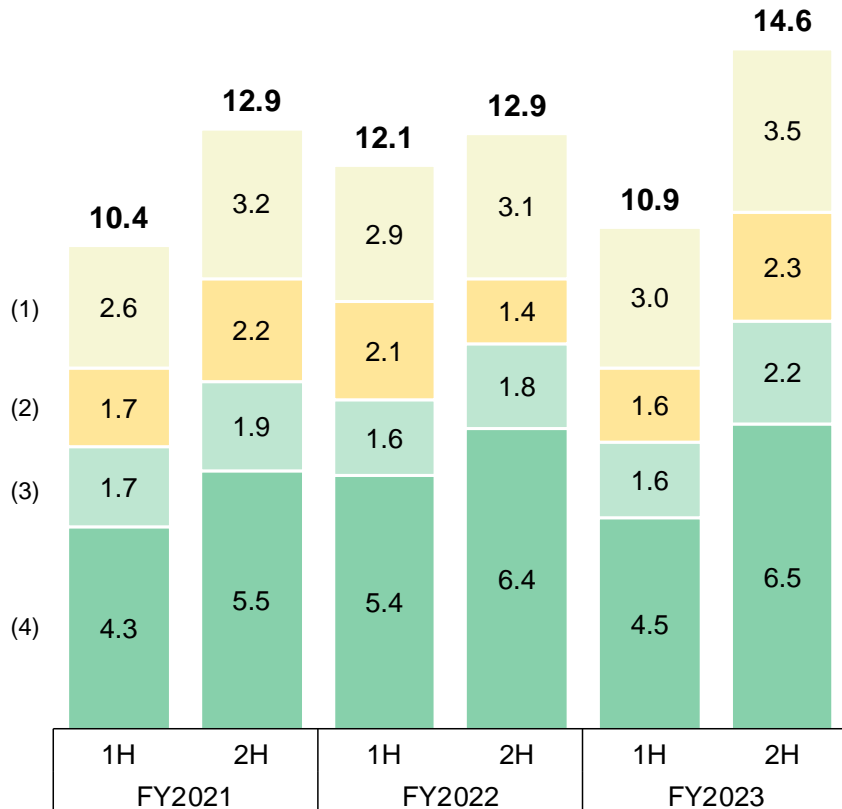
# Major Fee Businesses(2) (Succession, Corporate Solution, Pension Trust)

## Succession related income

- (1) Asset and business succession related trust
- (2) M&A
- (3) Real estate (individual)
- (4) Real estate (corporation)\*1

(JPY bn)

FY2021 **23.4** → FY2022 **25.0** → FY2023 **25.6, +2.1%**

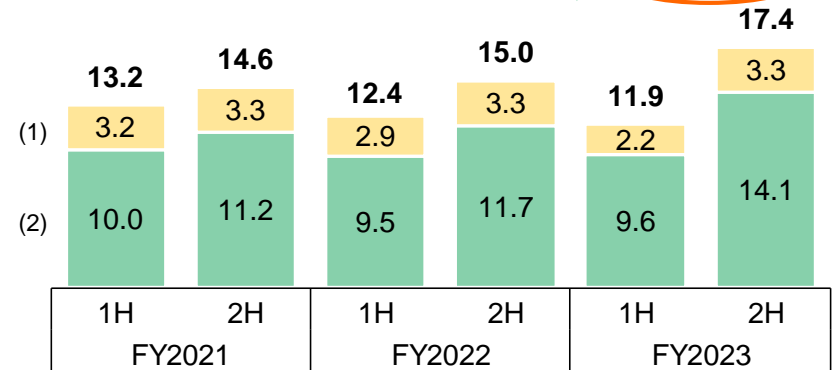


## Corporate solutions business income

- (1) Private notes
- (2) Commitment line, Syndicated loans, Covenants

(JPY bn)

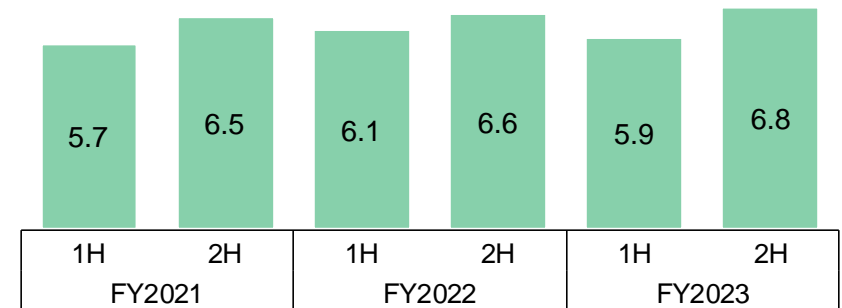
FY2021 **27.8** → FY2022 **27.5** → FY2023 **29.3, +6.6%**



## Pension trust income

(JPY bn)

FY2021 **12.2** → FY2022 **12.7** → FY2023 **12.7, +0.4%**



\*1. Excluding gains from investments in real estate funds

## Credit costs

- Increasing in FY23 was mainly attributable to (i) the absence of reversal gains (recorded in connection with the upgrading of major clients in FY22) and (ii) the additional recording of allowance for future risks associated with overseas subsidiaries

(JPY bn)		FY2021	FY2022	FY2023	FY2024 Plan
	(1)	(a)	(b)	(c)	(d)
<b>HD consolidated</b>	(1)	(58.7)	(15.9)	(35.6)	(40.0)

Total of group banks	(2)	(61.2)	(15.0)	(29.6)	(36.5)
General reserve	(3)	(7.2)	(3.1)	(1.4)	
Specific reserve and other items	(4)	(53.9)	(11.9)	(28.1)	
New bankruptcy, downward migration	(5)	(66.0)	(45.2)	(40.8)	
Collection/upward migration	(6)	12.0	33.2	12.7	

<b>Difference (1) - (2)</b>	(7)	2.4	(0.8)	(6.0)	(3.5)
HL guarantee subsidiaries	(8)	6.5	1.4	2.5	
Resona Card	(9)	(1.4)	(1.7)	(2.0)	

<Credit cost ratio>					(bps)
HD consolidated <sup>*1</sup>	(10)	(14.8)	(3.9)	(8.4)	(9.3)
Total of group banks <sup>*2</sup>	(11)	(15.1)	(3.6)	(6.8)	(8.3)

(Note) Positive figures represent reversal gains

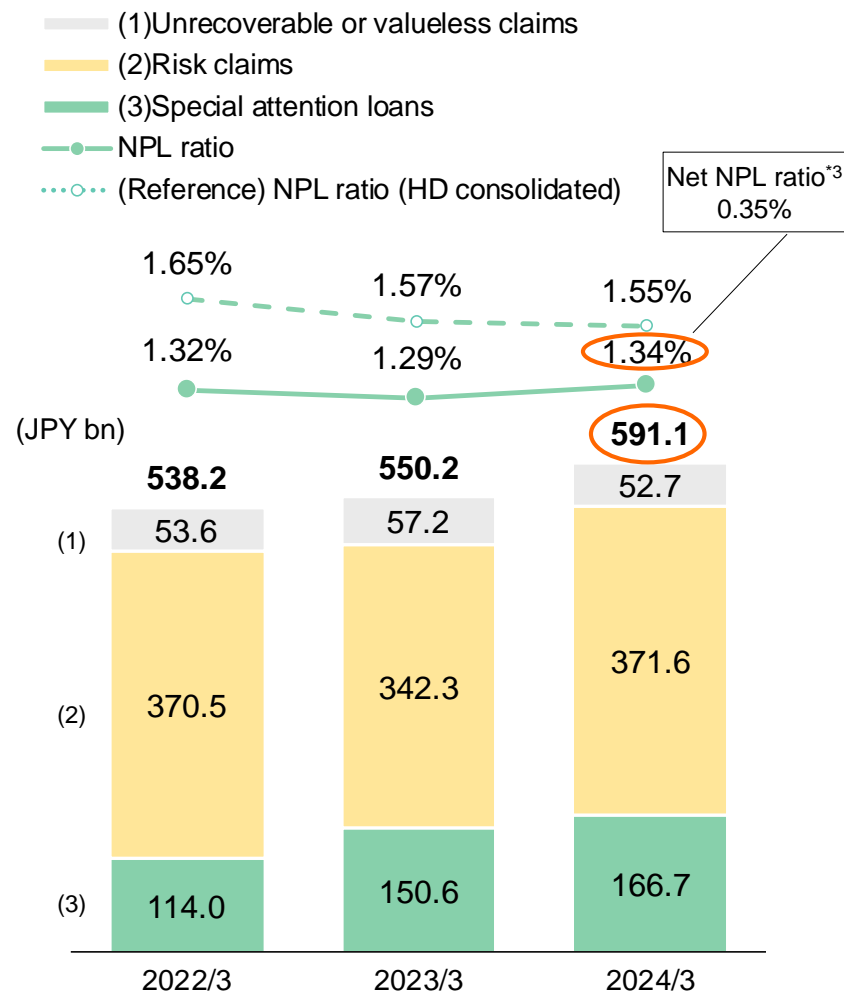
\*1. Credit costs / (Loans and bills discounted + acceptances and guarantees), (Simple average of the balances at the beginning and end of the term)

\*2. Credit costs / total credits defined under the Financial Reconstruction Act, (Simple average of the balances at the beginning and end of the term)

\*3. Net of collateral, guarantees and loan loss reserves

## NPL balance and ratio (Total of group banks)

(Financial Reconstruction Act criteria)



## Securities portfolio\*1

(JPY bn, before hedging)		2022/3	2023/3	2024/3	Net unrealized gains (d)
		(a)	(b)	(c)	
Available-for-sale securities	(1)	4,159.5	3,886.8	3,948.8	663.3
Stocks	(2)	305.9	283.8	261.6	768.7
Bonds	(3)	2,940.1	2,400.2	2,215.8	(65.8)
JGBs	(4)	1,137.3	645.3	539.3	(39.7)
Average duration (years)	(5)	9.3	12.8	11.9	-
Basis point value (BPV)	(6)	(1.15)	(0.78)	(0.60)	-
Local government and corporate bonds	(7)	1,802.8	1,754.9	1,676.4	(26.0)
Other	(8)	913.3	1,202.6	1,471.4	(39.5)
Foreign bonds	(9)	562.5	721.5	1,002.1	(38.0)
Average duration (years)	(10)	6.2	5.8	5.5	-
Basis point value (BPV)	(11)	(0.26)	(0.30)	(0.41)	-
Investment trusts (Domestic)	(12)	346.8	474.1	466.9	(3.0)
(Net unrealized gains)	(13)	521.2	472.9	663.3	
Bonds held to maturity	(14)	2,934.7	3,899.0	4,609.2	(164.7)
JGBs	(15)	1,856.1	2,278.2	2,737.0	(130.9)

### JGBs (available for sale securities, c-5 and 6, d-4) after hedging in 2024/3

Average duration: 9.2 year, BPV: JPY(0.24) bn, Net unrealized gains: JPY(29.2) bn  
(Foreign bonds are partially hedged by domestic investment trusts (bear fund) and other)

\*1. Acquisition cost basis. The presented figures include marketable securities only

\*2. Policy-oriented stocks are classified into (i) policy investment stocks and (ii) strategic investment stocks, according to the purpose of holding. Of these, (i) policy investment stocks are targeted for reduction of the balance. All listed shares held by group banks are (i) policy investment stocks

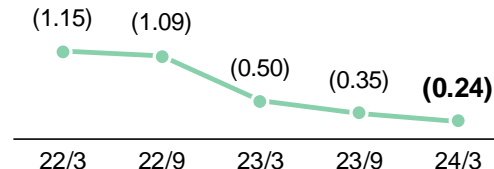
## Secure flexibility to develop our future interest income portfolio

- Divest low-margin foreign and yen bonds that have been hedged  
⇒ Reduce negative spread risks and future hedging costs, improve unrealized losses
- Yields in foreign bonds improved due to new investment
- Expand our interest income position in line with changes in the environment to constantly increase interest income from yen bonds, etc.

➢ Interest on yen bonds, etc. : FY23 JPY30.9 bn, +JPY5.4 bn, YoY  
⇒ FY24 (plan) JPY35.5 bn, +JPY4.6 bn, YoY

### [BPV of JGBs (available-for-sale securities) after hedging]

(JPY bn)



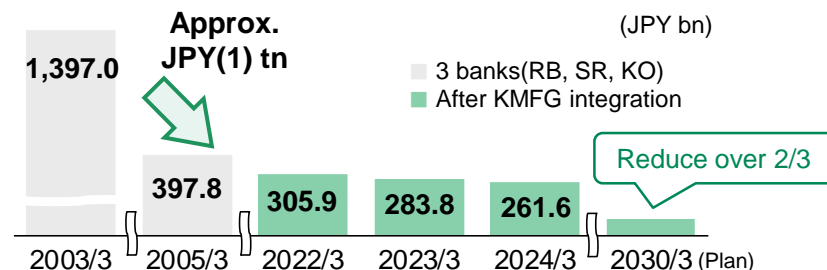
## Status of policy-oriented stock holdings\*2

### FY23 (Act.)

Balance of listed stocks disposed (acquisition cost basis) : JPY22.2 bn,  
Net gain on sale: JPY57.0 bn (HD consolidated: JPY56.5 bn)

- The previous plan aimed for a reduction of JPY44.2 bn over two years (an achievement rate of 55%, in excess of the annual average target)

⇒ Conclude the previous plan two years ahead of schedule and launch a new six-year plan starting from FY24



# The New Plan for Reduction of Policy-Oriented Stock Holdings

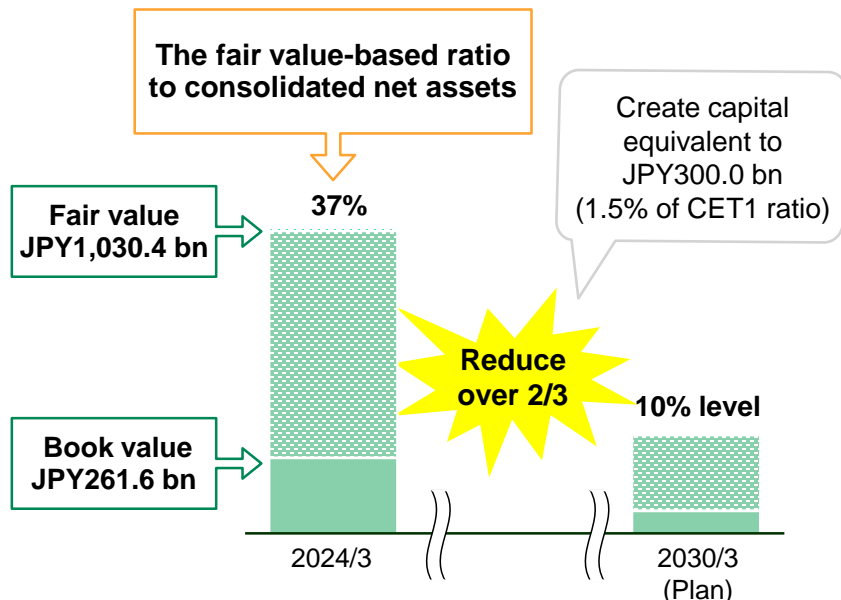
Create new value to be delivered to customers/

Create management resources that can be allocated to growth investment and structural reforms

Drastically increase the pace of reduction of policy-oriented stock holdings

Reduce over 2/3

of book value\*1 by the end of March 2030



Reduce the fair value-based ratio to consolidated net assets to 10% level by the end of March 2030

Will reduce the ratio to the 20% level in three years in the best-case scenario

Accelerate investment aimed at securing sustainable growth

Address issues confronting our customers and society as a whole

New challenges  
Structural reforms and the strengthening of foundations, which are both necessary to realize CX

< Specific fields in which we utilize capital >

- Organic growth fields
  - ✓ Meet growing funding demand in an inflationary environment while strengthening our capabilities to extend sustainable financing and deliver equity solutions
- Inorganic growth fields
  - ✓ Raise our ability to handle deals that could help us acquire customer bases, management resources and functions
- Structural reforms and strengthening of foundations
  - ✓ Expand IT- and HR-related investment while securing funds for structural reforms

Expand income

Improve capital efficiency

Deliver even greater shareholder returns

\*1. Total of group banks. Acquisition cost basis. The presented figures include marketable securities only

- CET1 ratio (International standard, the full enforcement of the finalized Basel 3, excluding net unrealized gains on available-for-sale securities) as of Mar. 31, 2024 was 9.90%
- The finalized Basel 3 was applied from the end of March 2024

## Capital adequacy ratio

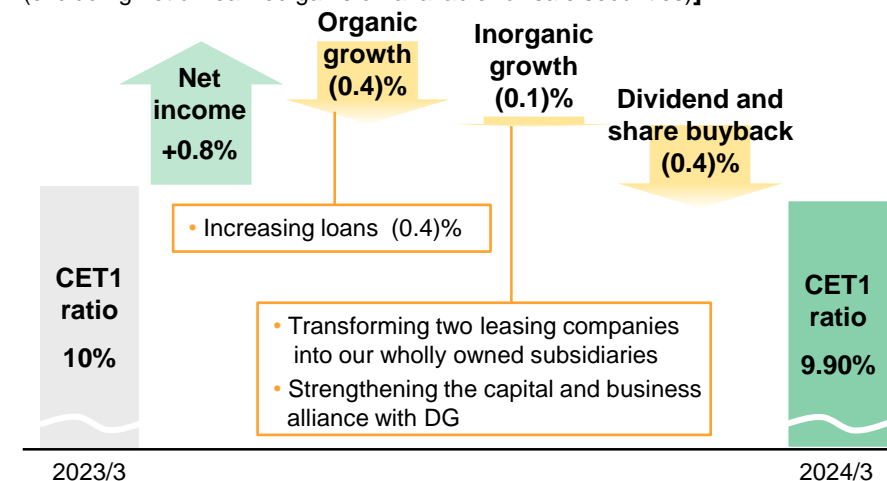
		2024/3	YoY <sup>1</sup>
<b>CET1 ratio (International std.)</b> (Excluding net unrealized gains on available-for-sale securities)	<b>Full enforcement (1)</b>	<b>9.90%</b>	<b>(0.1)%</b>
(Reference)	Full enforcement (2)	12.10%	
CET1 ratio (International std.)	Transitional arrangements (3)	15.38%	
(Reference)	Full enforcement (4)	10.34%	
CAR (Domestic std.)	Transitional arrangements (5)	12.85%	

## [International standard, the full enforcement]

( JPY bn )		2024/3	YoY <sup>1</sup>
<b>Common Equity Tier1 capital</b>	(6)	<b>2,639.2</b>	<b>+226.0</b>
Stockholders' equity	(7)	2,199.6	+84.2
Net unrealized gains on available-for-sale securities	(8)	480.5	+137.9
Regulatory adjustments	(9)	(99.8)	(18.0)
<b>Risk weighted assets (full enforcement)<sup>2</sup></b>	(10)	<b>21,802.6</b>	<b>+1,226.1</b>
Credit risk weighted assets	(11)	17,279.4	
Market risk	(12)	266.9	
Operational risk	(13)	863.1	
Floor adjustment	(14)	3,393.1	

## Factors for changes in CET1 ratio

[International standard, the full enforcement  
(excluding net unrealized gains on available-for-sale securities)]



- Changes in Common Equity Tier1 capital (JPY bn)
  - Stockholders' equity +84.2
    - Net income attributable to owners of parent +158.9
    - Share buyback (completed in Jun. and Dec. 2023) (25.0)
    - Dividends distributed (50.9)
- Changes in risk weighted assets
  - Increasing loans +976.2
  - Related to the above inorganic growth +198.3

\*1. Comparison with trial calculation based on the finalization of Basel 3 as of the end of March 2023

\*2. Including risk weighted assets equivalent to market value of policy-oriented stock holdings

# Earnings Targets for FY2024

HD Consolidated  
Total of Group Banks

## HD consolidated

(JPY bn)		Full-year	YoY change
Net income attributable to owners of parent	(1)	165.0	+6.1
Difference	(2)	16.0	+0.7
Core income (actual basis) <sup>*1</sup>	(3)	160.0	+1.3

## DPS

		DPS	YoY change
Full-year dividend (forecast)	(4)	23.0 yen	+1.0 yen
Interim dividend	(5)	11.5 yen	+0.5 yen

## Total of group banks / Each group bank (non-consolidated basis)

(JPY bn)		Total of group banks		RB		SR		KMB		MB	
		Full-year	YoY change	Full-year	YoY change	Full-year	YoY change	Full-year	YoY change	Full-year	YoY change
Gross operating profit	(6)	608.0	+40.8	352.0	+25.2	118.0	+9.2	94.0	+4.4	44.0	+2.2
Operating expenses	(7)	(406.0)	(21.2)	(228.5)	(16.5)	(79.0)	(3.0)	(64.0)	+0.3	(34.5)	(2.2)
Actual net operating profit	(8)	202.0	+19.6	123.5	+8.8	39.0	+6.2	30.0	+4.7	9.5	+0.1
Net gains on stocks (including equity derivatives)	(9)	51.5	(9.1)	43.0	(2.4)	6.5	(7.6)	0.5	+0.3	1.5	+0.8
Credit costs	(10)	(36.5)	(6.9)	(24.0)	(4.1)	(6.0)	(2.3)	(3.5)	+0.8	(3.0)	(1.4)
Income before income taxes	(11)	209.0	+8.1	145.0	+10.2	37.5	(1.7)	23.0	+4.1	3.5	(4.4)
Net income	(12)	149.0	+5.4	103.0	+7.1	26.0	(1.7)	17.5	+2.2	2.5	(2.1)

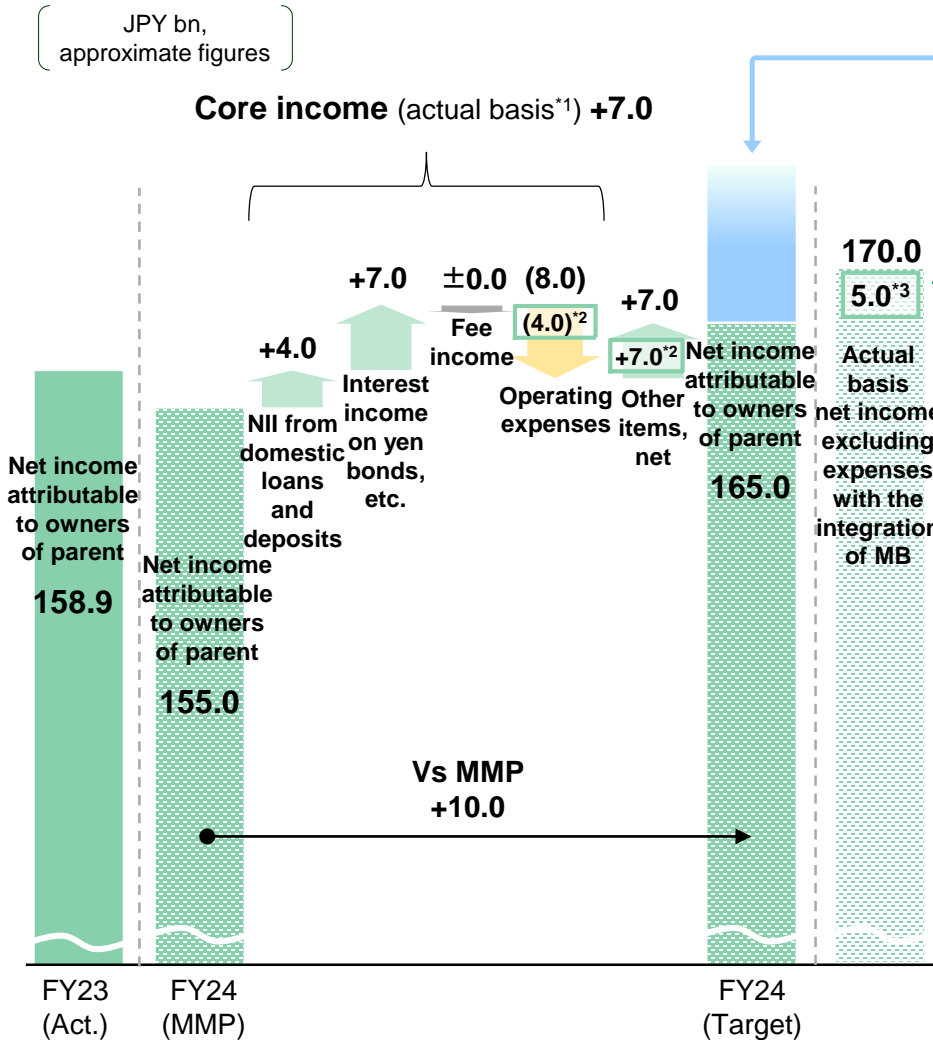
\*1. Net interest income from domestic loans and deposits + Interest on yen bonds, etc. + Fee income + Operating expenses, excluding extraordinary factors (the transforming two leasing companies into our wholly owned subsidiaries (operating expenses))



# (Reference) Rationale for FY2024 Earnings Targets (vs FY2024 in MMP)

## ■ FY2024 earnings targets aim to, in effect, achieve the MMP target (JPY170.0 bn in FY2025) a year ahead of schedule

- Core income is expected to increase by JPY7.0 bn (actual basis<sup>\*1</sup>) due to growth in NII in terms of both volume and rates



### Expected upsides and downsides

- [ + ] ◆ Greater-than-expected net gains on stocks due to a rise in their fair value, etc.
- [ - ] ◆ Growing expenses reflecting the acceleration of upfront investment and structural reforms aimed at securing future growth
- [ + ] ◆ Further hikes in interest rates

**In effect, achieve the MMP target a year ahead of schedule**

### FY2024 (MMP) vs FY2024 (annual target): Primary variables

	Core income +JPY7.0bn (actual basis <sup>*1</sup> ) (JPY bn)
[ + ] ◆ Negative interest rate cancellation	+10.0
◆ Growing funding demand and resulting growth in the volume of corporate loan	+4.0
◆ Timely management of securities in line with changes in the environment	+7.0
◆ Growing proceeds from sale of policy-oriented stock holdings	+9.0
[ - ] ◆ ALM costs associated with rising increase rates, etc.	(7.0)
◆ Constantly higher costs for foreign currency funding	(5.0)
◆ Growth in base costs, etc., due to inflation	(4.0)
<hr/>	
<b>Income before income taxes</b>	<b>+14.0</b>
<b>Net income</b>	<b>+10.0</b>

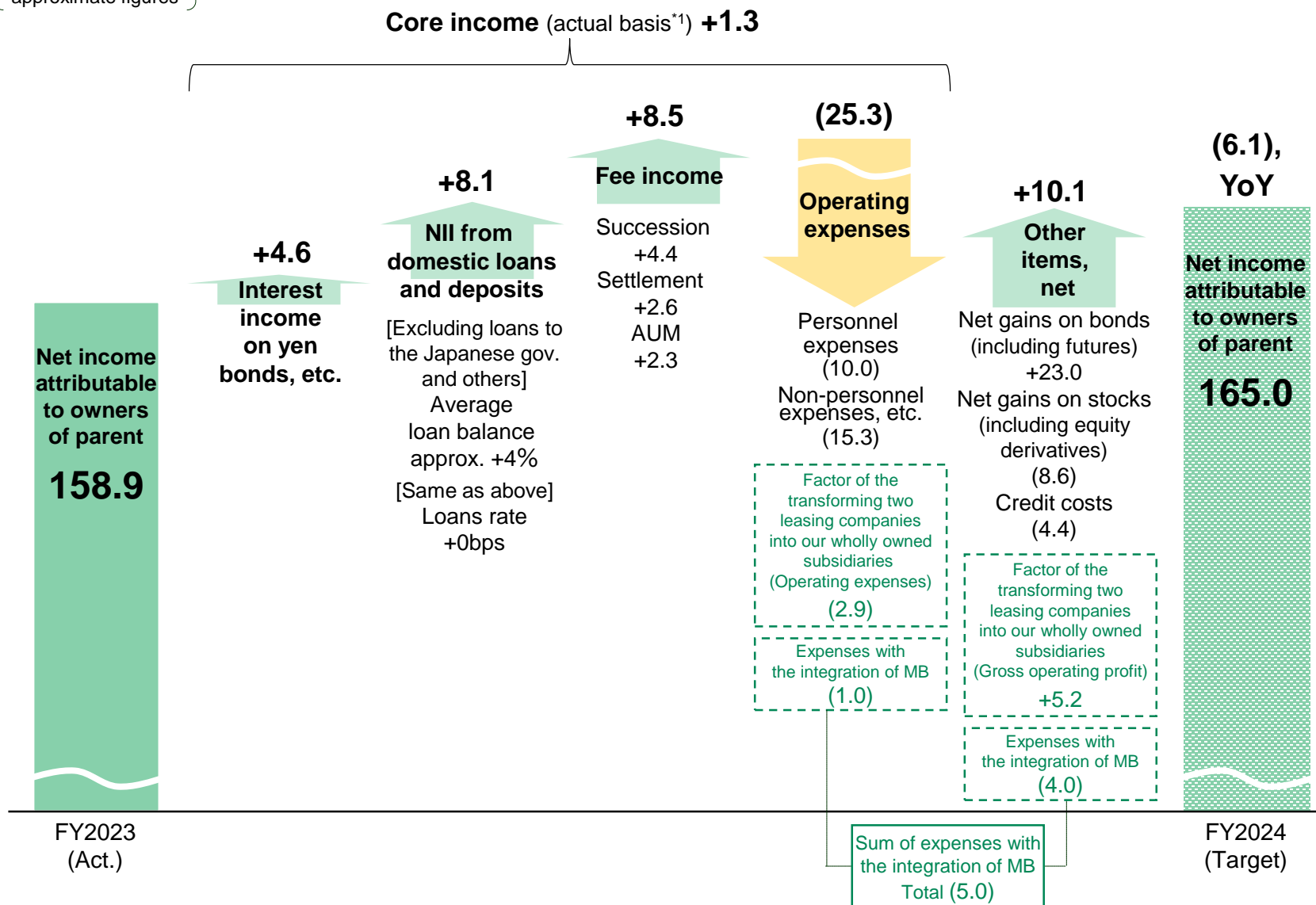
\*1. Excluding extraordinary factor (the transforming two leasing companies into our wholly owned subsidiaries)

\*2. Factor of the transforming two leasing companies into our wholly owned subsidiaries (gross operating profit : +JPY7.0 bn, operating expenses : JPY(4.0) bn \*3. Expenses of JPY5.0 bn in connection with the integration of MB in FY24 (After taxes basis)

# (Reference) Rationale for FY2024 Earnings Targets (YoY change)

HD  
Consolidated

JPY bn,  
approximate figures

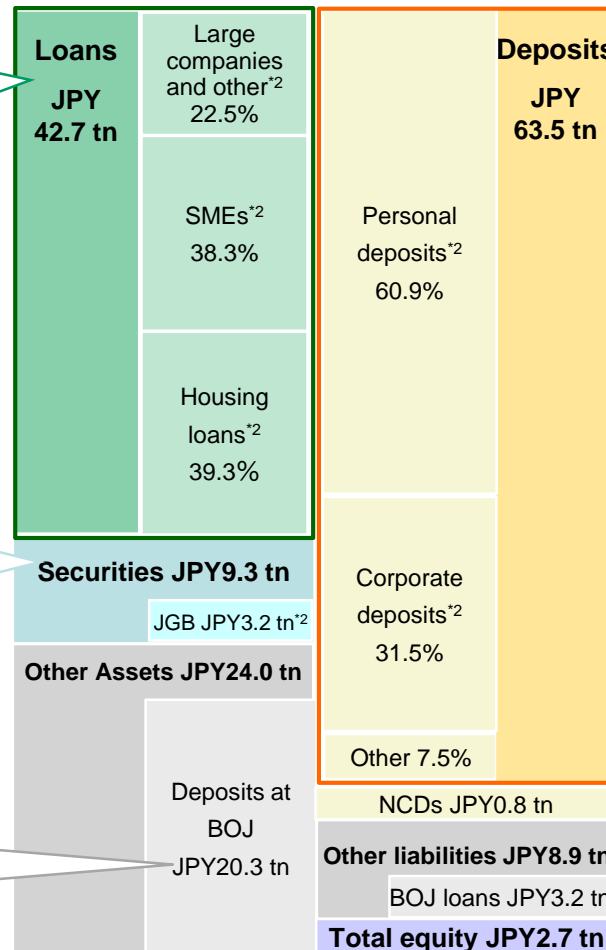


\*1. Excluding extraordinary factors (impact of the joint management designated money trust in FY23, the transforming two leasing companies into our wholly owned subsidiaries (operating expenses))

# (Reference) BS Management Approach Aligned with Possible Hikes in Yen Interest Rates

- Work on (i) upgrading RAF<sup>\*1</sup> and (ii) strengthen BS management to achieve “Profitability surpassing MMP target”
- Turnaround and raise ROA via a revival of the deposit-lending business and a securities portfolio designed to support stable interest income
- Accelerate growth investment and structural reforms by strategically utilizing capital created via the reduction of policy-oriented stock holdings

End of Mar. 2024  
Total assets JPY76.1 tn



**Proactively meet funding demand that grows in step with recovery from deflation**

**Balance of loans +JPY1.3 tn, YoY**

- ✓ The corporate loan balance is expected to increase JPY2.5 tn over two years (FY23 actual and FY24 plan), and our MMP (three years) target of a JPY2.6 tn increase, could be met almost a year ahead of schedule

**Seize profit opportunities arising from changes in the interest rate environment**

**Balance of securities +JPY0.9 tn, YoY**

- ✓ Continuously develop a core portfolio designed to secure stable interest income while appropriately controlling risks
- ✓ Increase the pace of reduction of policy-oriented stock holdings

**Improve ROA via a shift toward investment assets JPY(1.4) tn, YoY**

**Maintain and expand of deposit base centered on retail, which boasts strong retention**

**Balance of deposits +JPY1.6 tn, YoY**

- ✓ Overwhelming convenience ⇒ Higher switching costs
  - # of Banking App DL<sup>\*3</sup>: 9.37 mil (+22.4%, YoY)
  - # of debit card issued : 3.18 mil
- ✓ # of companies that name a major bank as their main bank<sup>\*4</sup> : 68 thousands

**Expand AUM ; accelerate the shift from savings to investment**

- ✓ # of individual customers having investment trust, fund wrap and insurance products : 1,000 thousands
  - # of Individual users of funded investment trusts : +22.1%, YoY

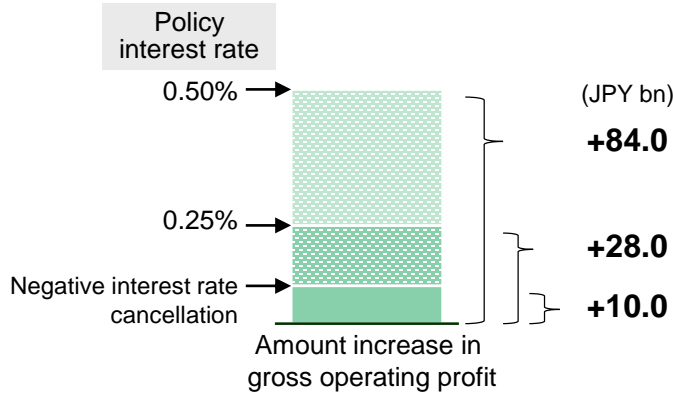
**Utilize capital to improve ROE**

- ✓ Organic growth : Golden opportunities to expand lending balance due to improvement in profitability
- ✓ Inorganic growth : Ongoing initiatives to secure deals aimed at helping us acquire customer bases, management resources and functions
- ✓ Shareholder returns : Enhancement of shareholder returns through profit expansion

\*1. Risk Appetite Framework \*2. Total of group banks \*3. Including external group \*4. TEIKOKU DATABANK (2023)

# (Reference) Possible Impact on Earnings while JPY Interest Rate Hikes (provisional calculation)

If the policy interest rate rises to 0.50%, ROE is expected to reach 9-10%

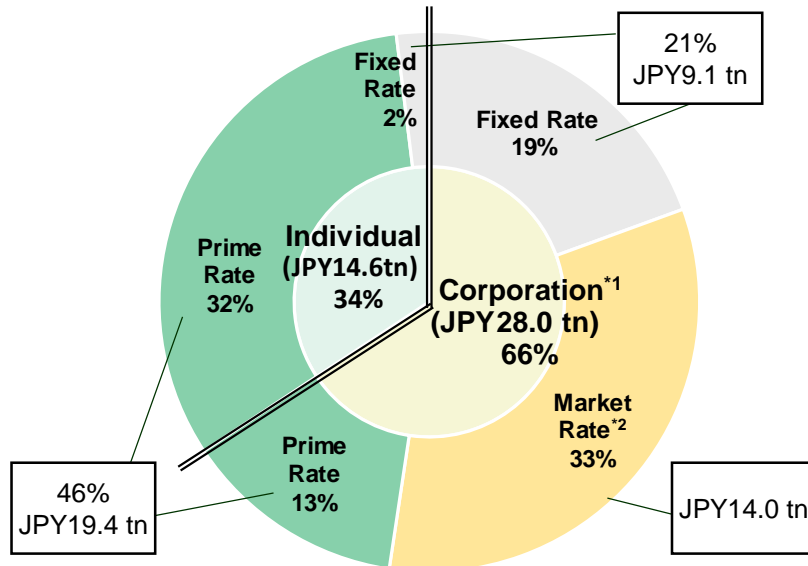


[Assumption for provisional calculation]

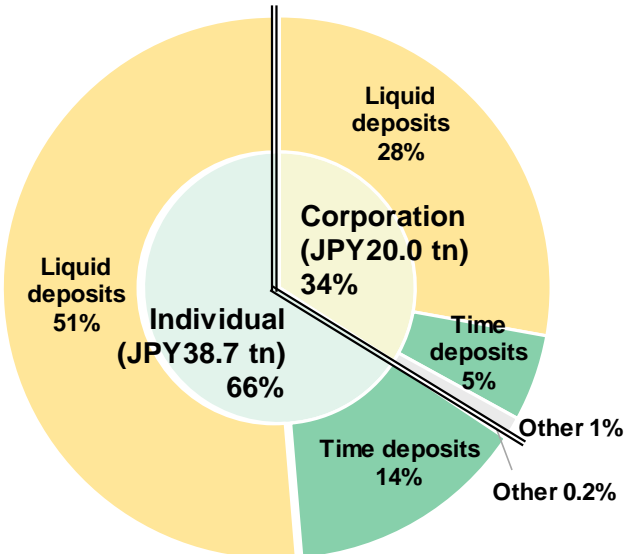
- ✓ Balance sheet at the end of March, 2024: Unchanged
- ✓ Reflecting the impact on loans, investment bonds and time deposits with interest rates that will be updated within a year, as well as savings accounts, deposits at the Bank of Japan and interest rate swaps
- ✓ Annual basis after the impact of interest rate hikes has completely materialized
- ✓  $ROE = \frac{\text{Net income (FY24 plan)} + \text{Impact of the interest rate hikes}}{\text{Total shareholders equity (simple sum of the balance at the beginning and the end of the term/2)(FY24 plan)}}$

Note: Excludes the impact of inflation, etc., on operating expenses and credit costs

## Composition of loan portfolio



## Composition of deposits\*3



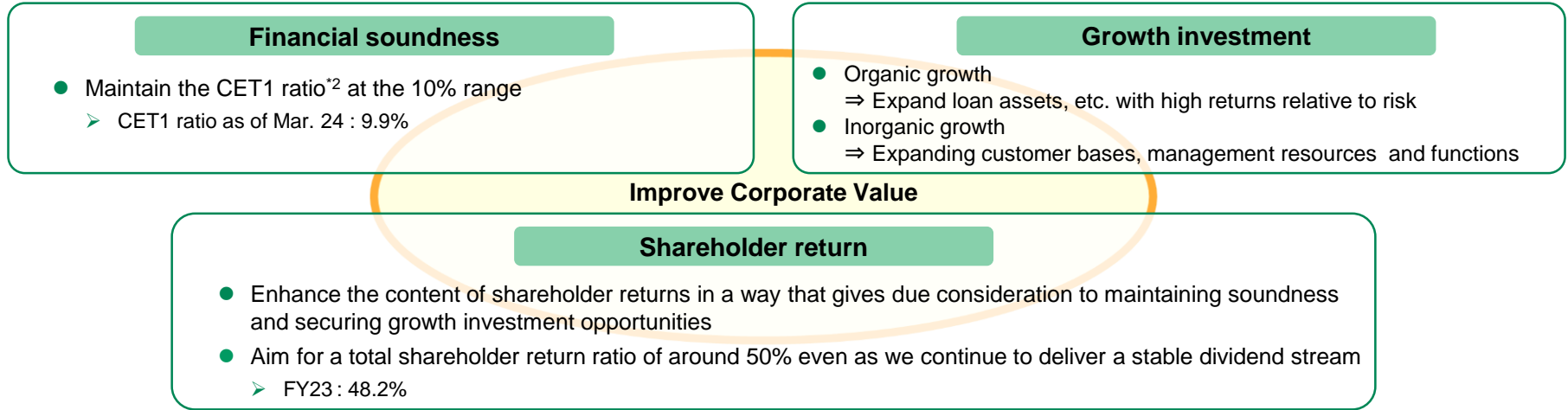
\*1. Including apartment loans \*2. Market rate-linked loans include the fixed-rate (spread) loans maturing in less than one year

\*3. Domestic individual deposits + Domestic corporate deposits

# (Reference) Capital Management

■ Enter a new phase in which we can step up the utilization of capital ⇒ Aim for ROE\*1 of 8%

➢ ROE : FY23 (act.) 7.2%, FY24 (target) 7.3%

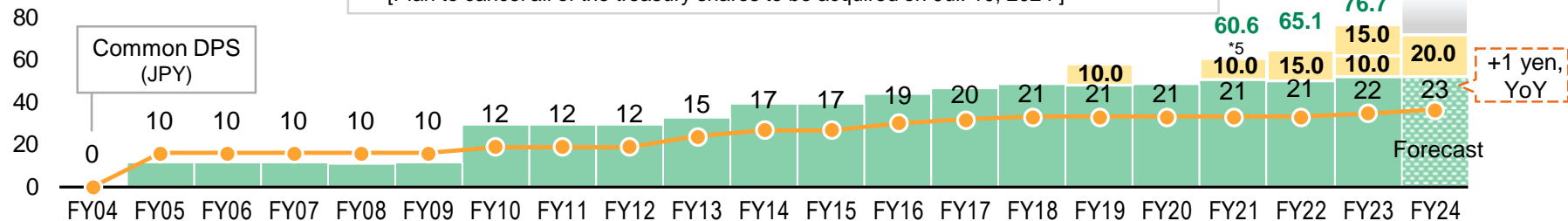


■ Enhance shareholder returns (released in May 2024)

[Trends in shareholder returns]

- Total dividend amount
- Share buyback\*3

(JPY bn)

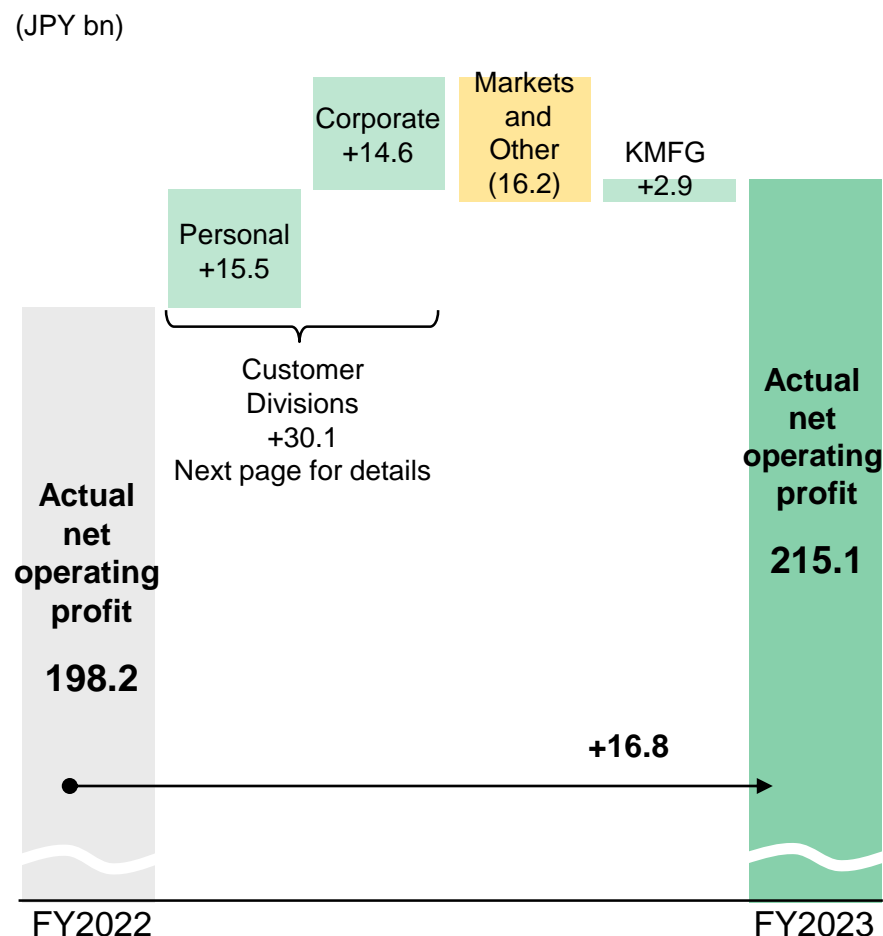


- (i) Annual DPS for FY24 (forecast) : **+1 yen increase** [ 22 ⇒ 23 yen per annum, +0.5 yen for both interim and end of the term]
- (ii) Share buyback up to JPY20.0 bn
  - Total number of shares to be acquired : Up to 30,000,000 share (1.29% of the total number of ordinary shares issued\*4)
  - Total acquisition cost : Up to JPY20.0 bn
  - Period of acquisition : From May 15, 2024 to Jun. 21, 2024  
[Plan to cancel all of the treasury shares to be acquired on Jul. 10, 2024 ]

\*1. Net income attributable to owners of parent / Total shareholders equity (simple sum of the balance at the beginning and the end of the term/2)  
 \*2. Based on the full enforcement of the finalized Basel 3 regulations under the international standard; excluding net unrealized gains on available-for-sale securities  
 \*3. The amount of treasury stock acquisition is rounded to the nearest hundred million yen \*4. Excluding treasury shares  
 \*5. Implement share buyback (JPY40.9bn, 88 mil. shares) to neutralize dilutive effect on EPS from making KMFG a wholly owned subsidiary of HD in from May to June 2021

# (Reference) Outline of Financial Results of Each Segment

(JPY bn)		FY2023	YoY Change
<b>Customer Divisions</b>	Gross operating profit (1)	517.8	+40.3
	Operating expense (2)	(313.0)	(10.1)
	Actual net operating profit (3)	204.8	+30.1
<b>Personal Banking</b>	Gross operating profit (4)	210.4	+21.7
	Operating expense (5)	(156.6)	(6.1)
	Actual net operating profit (6)	53.8	+15.5
<b>Corporate Banking</b>	Gross operating profit (7)	307.3	+18.5
	Operating expense (8)	(156.4)	(3.9)
	Actual net operating profit (9)	150.9	+14.6
<b>Markets and Other</b>	Gross operating profit (10)	(24.6)	(13.7)
	Operating expense (11)	(2.7)	(2.6)
	Actual net operating profit (12)	(26.9)	(16.2)
<b>KMFG</b>	Gross operating profit (13)	137.9	+2.0
	Operating expense (14)	(100.8)	+0.9
	Actual net operating profit (15)	37.1	+2.9
<b>Total</b>	Gross operating profit (16)	631.2	+28.5
	Operating expense (17)	(416.5)	(11.8)
	Actual net operating profit (18)	215.1	+16.8



## Definition of management accounting

1. “Customer Divisions” and “Markets and Other” segment refer to the HD Consolidated subsidiaries, except KMFG consolidated subsidiaries.
2. Gross operating profit of “Markets” segment includes a part of net gains/losses on stocks. “Other” segment refers to the divisions in charge of management and business administration.

# (Reference) Outline of Financial Results of Customer Divisions

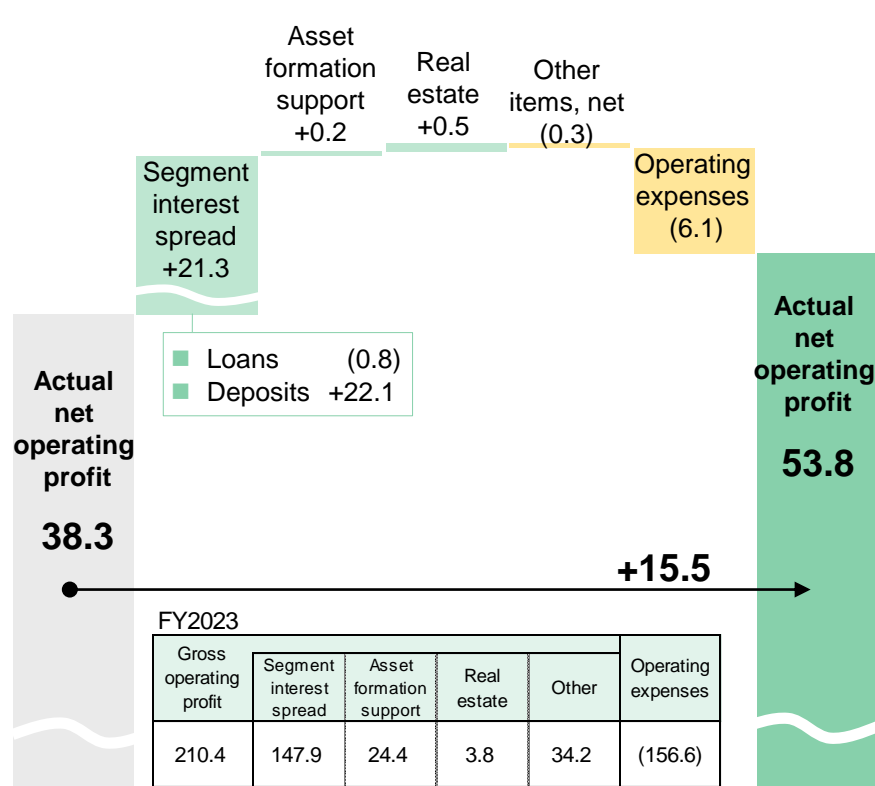
HD Consolidated  
(exclude KMFG)

## Personal Banking Segment

■ Actual net operating profit : Up JPY15.5 bn, YoY

(JPY bn)

Gross operating profit +21.7



FY2022

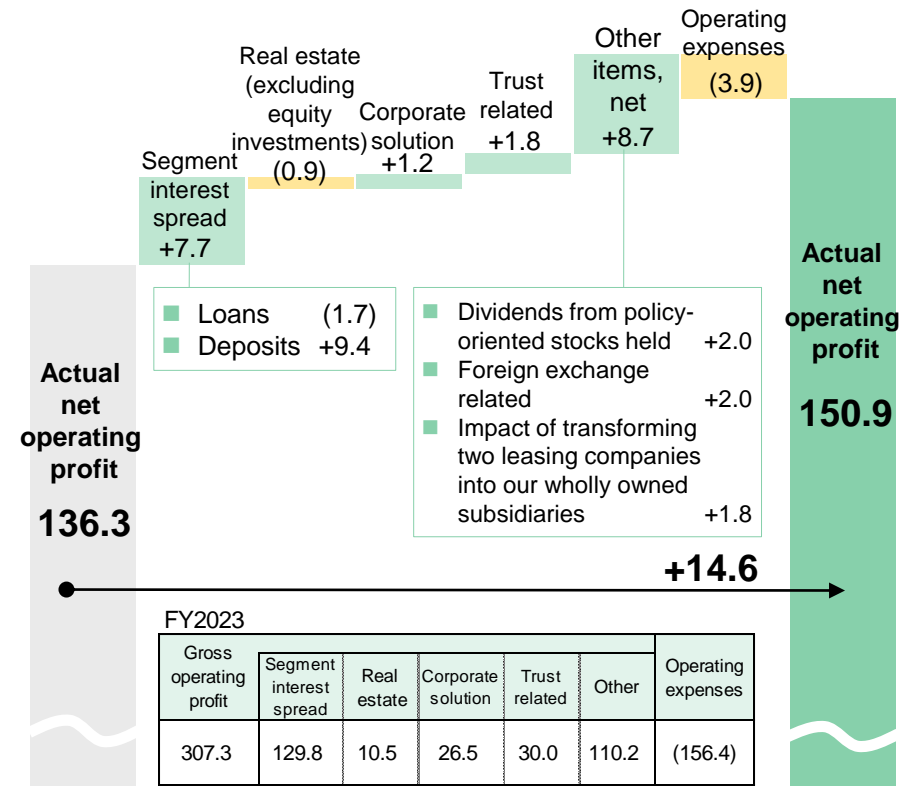
FY2023

## Corporate Banking Segment

■ Actual net operating profit : Up JPY14.6 bn, YoY

(JPY bn)

Gross operating profit +18.5



FY2022

FY2023

- Abbreviations and definitions of the figures presented in this material are as follows:

[HD] Resona Holdings\*1

[RB] Resona Bank

[SR] Saitama Resona Bank

[KMB] Kansai Mirai Bank\*2

[MB] Minato Bank

\*1 Resona Holdings merged and absorbed with [KMFG] Kansai Mirai Financial Group in April 2024

\*2 [KU] Kansai Urban Banking Corporation and [KO] Kinki Osaka Bank merged on April 1, 2019

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Negative figures represent items that would reduce net income.

Figures include data for internal administration purpose.

The forward-looking statements contained in this material may be subject to material change due to the following factors.

These factors may include changes in the level of stock price in Japan, any change related to the government's and central bank's policies, laws, business practices and their interpretation, emergence of new corporate bankruptcies, changes in the economic environment in Japan and abroad and any other factors which are beyond control of the Resona Group.

These forward-looking statements are not intended to provide any guarantees of the Group's future performance. Please also note that the actual performance may differ from these statements.