

Outline of Financial Results for FY2023

Net income attributable to owners of parent was ¥158.9 billion. Albeit down ¥1.4 billion year on year, this represents 105.9% of the target of ¥150.0 billion.

Consolidated gross operating profit increased ¥27.4 billion from FY2022 to ¥627.4 billion, while actual net operating profit rose ¥15.6 billion year on year to ¥211.3 billion.

Core income (on an actual basis), a KPI under the MMP, was ¥158.7 billion, representing 105.8% of the annual target. This was attributable to growth in net interest income on the back of a favorable shift in the interest rate environment and constant growth in fee income despite higher expenses due mainly to upfront investment in human and intellectual capital.

Net interest income from domestic loans and deposits decreased ¥2.0 billion from the previous fiscal year to ¥332.1 billion. Although full-year results have thus declined year on year, second-half results included an upturn and were ¥0.7 billion in excess of results for the same period of the previous fiscal year.

Interest income on yen bonds, etc. increased ¥5.4 billion year on year to ¥30.9 billion. This major increase was attributable to a successful rebalancing of our securities portfolio that took advantage of changes in the interest rate environment.

Fee income rose ¥4.8 billion year on year to ¥213.5 billion. This represents a fourth consecutive annual increase while hitting an all-time best for three years in a row.

Net gains on bonds (including futures) registered as net losses of ¥26.4 billion, albeit representing a ¥21.3 billion improvement from the previous fiscal year due to the absence of expenses recorded in said year to implement measures to restore the soundness of our foreign bond portfolio.

We have also recorded operating expenses of ¥416.5 billion, a year-on-year increase of ¥11.8 billion. Personnel expenses rose ¥5.0 billion due to upward wage revisions, including a simultaneous increase in basic salary, while non-personnel expenses increased ¥6.6 billion, primarily because of expenses associated with automation and advertising. However, growth in both items has been under control and fell within our plan.

Net gains on stocks (including equity derivatives) rose ¥6.2 billion year on year to ¥60.1 billion, reflecting faster-than-planned

progress in the reduction of policy-oriented stockholdings.

Credit-related expenses increased ¥19.7 billion from the previous fiscal year to net expenses of ¥35.6 billion, representing 93.8% of the annually planned expenses of ¥38.0 billion, due to the absence of reversal gains recorded in FY2022 in connection with the upgrading of some major clients. Other factors leading to this increase included a substantial increase in the reserve recorded at Bank Resona Perdania.

(Billions of yen)

Resona Holdings consolidated	FY2023	
		YoY change
Net income attributable to owners of parent	158.9	(1.4)
Earnings per share (EPS) (yen)	67.77	+0.29
Book-value per share (BPS) (yen)	1,184.76	+119.45
ROE (based on total shareholders' equity)	7.2%	(0.3)%
ROE (based on the TSE standard)	6.0%	(0.5)%
Gross operating profit	627.4	+27.4
Net interest income	421.6	+2.3
Net interest income from domestic loans and deposits ¹	332.1	(2.0)
Interest income on yen bonds, etc. ²	30.9	+5.4
Fee income	213.5	+4.8
Fee income ratio	34.0%	(0.7)%
Other operating income	(7.7)	+20.1
Net gains on bonds (including futures)	(26.4)	+21.3
Operating expenses (excluding Group banks' non-recurring items)	(416.5)	(11.8)
Cost income ratio (OHR)	66.3%	(1.0)%
Actual net operating profit	211.3	+15.6
Core income (on an actual basis) ³	158.7	(4.8)
Net gains on stocks (including equity derivatives)	60.1	+6.2
Credit-related expenses, net	(35.6)	(19.7)
Other gains, net	(12.9)	(4.1)
Income before income taxes and non-controlling interests	(223.0)	(2.0)
Income taxes and other	(64.6)	(1.3)
Net income attributable to non-controlling interests	0.6	+1.9

1 Total of Group banks, banking-book basis (including negotiable deposits)

2 Interest income on yen bonds and income from interest rate swaps

3 Net interest income from domestic loans and deposits + Interest on yen bonds, etc. + Fee income + Operating expenses; excluding extraordinary factors: +¥2.4 billion due to the impact of the joint management designated money trust; and ¥(1.1) billion due to the transformation of two leasing companies into wholly owned subsidiaries

Factors Contributing to the Changes in Net Income Attributable to Owners of Parent

(Billions of yen)

