Presentation Script of the First Half of Fiscal Year 2026 Financial Results Briefing

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- Good evening, everyone.
- My name is Isa, from Resona Holdings.
- Thank you very much for joining our webinar today.
- Let me begin by taking you through the Financial Highlights that we sent to you in advance.
- Please turn to page 1.

- This page summarizes the first set of key points from our first-half FY2026 results.
- At the top left, core net operating profit was 236.1 billion yen, a substantial increase of 64.2 billion yen, or 37.3%, year on year.
- Progress against the full-year target was also solid, at 53.2%.
- Gross operating profit increased by 47.0 billion yen, or 11.7%, year on year, reaching a record high for a first half since Resona was established in 2003.
- Operating expenses increased by 16.4 billion yen year on year as we continued investing in IT and human resources. However, the cost income ratio, or OHR, declined to 54.7%, entering the low-50% range.
- Credit costs amounted to 9.8 billion yen, an increase of 6.3 billion yen year on year.
- Nevertheless, they remained low, at just 25% of the full-year budget.
- Net gains on stocks, including equity derivatives, were 52.8 billion yen, up 19.7 billion yen year on year.
- In addition to gains from reducing policy-oriented stock holdings, we recognized gains on sales of ETFs and other assets held as part of our balanced investment strategy.
- As a result, as shown at the bottom left, net income attributable to owners of the parent for the first half was 173.5 billion yen, up 30.6 billion yen, or 21.4%, year on year.
- This represents 52.5% of the full-year target of 330 billion yen.
- Following the 20 billion yen upward revision announced with our first-quarter results, we have now raised the full-year earnings target by a further 10 billion yen, to 340 billion yen.
- Please turn to page 2.

- This is the second set of key points from our financial results.
- This page highlights the main developments in our businesses.
- On the far left is lending. Both balances and yields continue to grow steadily, with net interest income driving overall growth in gross operating profit.
- First, the upper section shows corporate lending.
- The average balance for the first half continued to grow steadily, rising 6.1% year on year.
- One factor behind this growth is capital expenditure lending, excluding the real estate sector, which is also shown here. This balance increased significantly, by 7.8%.

- Below that is new loan origination for owner-occupied housing.
- This increased by 36.4% year on year, far exceeding the growth rate in our full-year target.
- Alongside initiatives such as a broader product lineup, we believe an improved competitive environment, supported by our strong deposit funding base, has also contributed.
- Housing loan yields have improved more gradually than corporate loan yields because of the way housing loan rates are reset. These rates rise with a time lag.
- As new loan origination has increased, related fee income has also grown steadily, as shown by the figure of 16.1 billion yen below.
- At the top center of the slide, we show deposits, on the funding side of the balance sheet.
- Total deposits continued to grow, increasing by 0.1% year on year.
- By category, the more rate-sensitive "Other" deposits, including those from local governments, declined by 2.4%. Corporate deposits were broadly flat, while personal deposits increased by 0.4%.
- Our deposit beta remains relatively low. We believe we have maintained a strong deposit base centered on retail customers without putting excessive pressure on funding costs.
- As we shift to an environment with positive interest rates, deposits are also facing greater pressure at the macroeconomic level. At the same time, this environment helps support the shift from savings to investment.
- Below the deposit figures, we show the trend in assets under management, or AUM.
- AUM increased by 13% year on year. This shows that, amid moderate inflation, the total assets customers entrust to us are expanding, including assets held outside our balance sheet.
- At the top right of the slide is fee income.
- Driven by the AUM income and housing loan-related fees I have just mentioned, as well as corporate solution income and succession-related income, fee income increased by 7.7% year on year to a record high for a first half.
- We are on track to achieve a record high for the sixth consecutive fiscal year.
- The bottom right shows the strategic rebalancing of our securities portfolio.
- We are rebuilding the portfolio to secure stable interest income over the medium to long term as interest rates rise. During the first half, we also carried out some strategic rebalancing of our bond portfolio.
- As a result, we recognized net losses on bonds, including futures, of 34.2 billion yen. The amount exceeding the initial full-year loss budget of 9 billion yen was broadly offset by gains on sales of ETFs, equity investment trusts and other assets held as part of our balanced investment strategy.
- Partly reflecting this rebalancing, the yield on our overall available-for-sale yen bond portfolio improved by 41 basis points from the end of the previous fiscal year.
- Please turn to page 3.

- This is the third set of key points from our financial results.
- At the top left, we show the trend in the cost income ratio, or OHR.

- OHR has moved into the 50% range. Core OHR, calculated by excluding net gains or losses on cancellation of investment trusts and on bonds, including futures, from gross operating profit, has declined to 51.3%.
- We believe our Medium-Term Management Plan, or MMP, target of an OHR below 50% is now within reach ahead of the plan's final year.
- At the top right, we summarize the shareholder return measures announced through the first half.
- In May, we announced a projected increase in the annual dividend of 8 yen per share and share buybacks of 35 billion yen.
- In July, alongside the upward revision to our earnings target, we announced an additional share buyback authorization of 50 billion yen.
- With these measures, total shareholder returns for the year are expected to increase by 28% from the previous fiscal year.
- The lower section sets out our outlook for this fiscal year's earnings.
- At the start of the fiscal year, we set a full-year net income target of 310 billion yen. When we announced our first-quarter results, we raised that target by 20 billion yen to reflect the earnings benefit of the Bank of Japan's June rate hike from 0.75% to 1%.
- First-half performance was solid, although earnings may continue to fluctuate due to factors such as further bond portfolio rebalancing, IT security investment and credit costs. Taking into account expected growth in net interest income and fee income, as well as further progress in reducing policy-oriented stock holdings, we have raised the target by 10 billion yen, equivalent to the earnings benefit of the Bank of Japan's September rate hike.
- As shown at the bottom right, there are both upside and downside factors. At this stage, we have therefore limited our statement to saying that we will closely examine the scope for further upward revisions.
- We will continue to take appropriate action as needed and at the appropriate time, taking into account the external environment and progress in our earnings.
- The same approach applies to shareholder returns.
- Let me now add some detail on individual items, referring to the relevant slides.
- Please turn to page 13.

- This page covers credit costs and non-performing loans.
- On the left, item (1) shows credit costs of 9.8 billion yen on a Resona Holdings consolidated basis, with a credit cost ratio of 4.0 basis points.
- As I mentioned earlier, these costs remained low, at 25.0% of the full-year budget of 39.5 billion yen.
- Item (2), credit costs for the total of group banks, remained at just 8.7 billion yen. Let me explain the breakdown.
- Item (3), the provision for general loan loss reserves, was 10.7 billion yen. This increased year on year, partly because our calculation of expected loss rates took some account of potential risks from continued increases in interest rates and prices.

- For specific loan loss reserves, item (5), newly incurred credit costs, was 12.8 billion yen, broadly unchanged from the same period last year. Meanwhile, item (6), recoveries and upward credit rating migrations, among other factors, increased to 14.8 billion yen as a number of borrower-specific factors contributed. This resulted in a net reversal.
- The difference between consolidated credit costs and those for the total of group banks was also limited to a cost of 1.1 billion yen.
- Overall, credit conditions remain very stable. However, we expect uncertainty in the external environment to persist, including higher prices, a weaker yen, labor shortages and developments in the Middle East. We therefore need to remain attentive to the impact on our customers.
- We have kept the full-year credit cost budget unchanged at 39.5 billion yen. We will continue to identify changes in customers' circumstances at an early stage and further strengthen monitoring for signs of deterioration and support for our customers.
- On the right, non-performing loans for the total of group banks stood at 508.7 billion yen, with an NPL ratio of 1.01%.
- Both remain low and have declined from the end of March.
- The net NPL ratio, after taking collateral, guarantees and loan loss reserves into account, also remained low, at 0.29%.
- Please turn to page 14.

- This page shows our securities portfolio.
- On the left, the balance of available-for-sale securities was 5.72 trillion yen, up 640 billion yen, mainly due to an increase in Japanese government bonds, or JGBs.
- At the top right, we show unrealized gains and losses on available-for-sale securities.
- Item (1), total net unrealized gains, was 557.2 billion yen, an increase from the end of March.
- Within this total, item (2), unrealized gains on stocks, was 752 billion yen, up approximately 40 billion yen from the end of March.
- Meanwhile, item (4), unrealized losses on JGBs after hedging, was 103 billion yen. As I mentioned earlier, we have also rebalanced part of the bond portfolio, and we believe these losses remain manageable as interest rates rise.
- Item (2) at the bottom right shows JGB duration after hedging, which was 5.0 years. We also view this as within our expectations and under control.
- We remain in the process of rebuilding the portfolio to secure stable interest income over the medium to long term. Our basic approach is to build up JGB holdings over time while carefully assessing market conditions, and we will continue to pursue this approach.
- Please turn to page 15.

- This page covers policy-oriented stock holdings.
- We are working on a reduction plan running from the end of March 2024 to the end of March 2030.
- While we are on track in terms of book value, we are behind plan on a market value basis because stock prices have risen.

- During the first half, we reduced listed stock holdings by 7.3 billion yen on an acquisition cost basis and recorded gains on sales of 32.8 billion yen on a consolidated basis.
- Our customers' understanding is growing, but these holdings are directly related to their capital policies. We therefore intend to accelerate our efforts to achieve the plan while continuing careful dialogue with our customers.
- We have raised the full-year target for net gains on stocks, including equity derivatives, by 28 billion yen from the initial target, to 96.5 billion yen. This reflects the approximately 20 billion yen in gains on sales of ETFs and other assets recorded in the first half that I mentioned earlier.
- Please turn to page 16.

- This page covers our capital adequacy ratio.
- Our Common Equity Tier 1, or CET1, ratio on a fully loaded Basel 3 basis, excluding net unrealized gains on available-for-sale securities, was 10.18%.
- We will continue to manage capital in line with our MMP target while maintaining financial soundness.
- The numerator increased by 79.1 billion yen from the end of the previous fiscal year, with stockholders' equity rising by 80.7 billion yen on the back of strong earnings.
- The denominator increased by 540.6 billion yen, mainly due to higher risk-weighted assets associated with loan growth.
- Finally, please turn to page 23.

- This page presents topics from the first half of fiscal year 2026.
- Since the start of this fiscal year, under the theme of "Three Years to Create Our New Ways of Doing Business," we have announced new initiatives, including a capital and business alliance with JR West, the launch of the DG Bank project, and Resona Plus in collaboration with Daiichi Life Group and JCB, all announced in May. From the second quarter onward, we have continued to make steady progress on these initiatives and announce new partnerships.
- Today, we also announced a capital and business alliance with M&A Capital Partners, which has extensive expertise in Japan's M&A market.
- By combining this expertise with our Group's customer base, network and broad range of solutions, we aim to provide M&A support tailored to the needs of more customers.
- We believe these initiatives will help us create "Our New Ways of Doing Business" beyond conventional boundaries. We will continue to keep you informed of their progress and results.
- While continuing to listen to your views, we intend to accelerate our efforts to create "Our New Ways of Doing Business" across a wide range of areas.

- This concludes my opening remarks.

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