

Business Results for 1H of FY2019 and Future Management Direction



Resona Holdings

November 21, 2019

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

[HD] Resona Holdings, [RB] Resona Bank, [SR] Saitama Resona Bank,
[KMFG] Kansai Mirai Financial Group, [KMB] Kansai Mirai Bank*, [MB] Minato Bank
* [KU] Kansai Urban Banking Corporation and [KO] Kinki Osaka Bank merged on April 1, 2019
[RAM] Resona Asset Management [RCD] Resona Card [RKS] Resona Kessai Service [RVC] Resona Capital

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 development and 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.

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Outline of Business Results for 1H of FY2019 and Updates on Major Businesses

Efforts to Business Challenges for Sustainable Growth

Direction of Capital Management

Reference Material

Outline of Financial Results for the 1H of FY2019

■ Posted JPY76.9 bn of net income attributable to owners of parent

Profitability recovered from 2H of FY2018, meeting the guidance for 1H of FY2019*1 (101.2%)

- Down JPY45.1 bn, or 36.9%, YoY
Down JPY5.2 bn, or 6.3%, YoY, excluding one-off gain*2 posted in 1H of FY2018
- Progress rate against the full year target *1 : 48.1%

■ Actual net operating profit: JPY123.5 bn

Down JPY4.0 bn, or 3.1%, YoY

● Gross operating profit: JPY331.5 bn

Down JPY5.3 bn, or 1.5%, YoY

Contraction of loan-to-deposit spread moderated while increase in loan balance continued and net gains on bonds recovered

- Net interest income from domestic loans and deposits:
Down JPY5.4 bn, YoY
Average loan balance : +1.72%, YoY
Loan-to-deposit spread : contracted by 4bps, YoY
- Fee income : Down JPY1.9 bn, YoY, Fee income ratio : 29.5%
- Net gains on bonds (including futures) : Up JPY2.6 bn, YoY

● Operating expenses: JPY208.2 bn

Improved by JPY2.9 bn, YoY

■ Credit related expenses: JPY10.3 bn (cost)

Increased by JPY15.4 bn, YoY

Credit cost increased due to absence of reversal gain posted in FY2018 and preemptive provisioning of reserves

■ Full-year guidance of JPY160.0 bn and annual common DPS forecast of JPY21 remain unchanged

- Interim DPS of JPY10.5 as planned
Completed share buy back totaling JPY10.0 bn

■ Post merger integration of KMFG on a steady track

- Completed KMB's business processes and systems integration on Oct.15, 2019 as planned

HD consolidated (JPY bn)	FY2019 1H (a)	YoY change		Progress rate v.s. Target (d)
		(b)	% (c)	
Net income attributable to owners of parent (1)	76.9	(45.1)	(36.9)%	48.1%
EPS (yen) (2)	33.42	(19.33)	(36.6)%	
BPS (yen) (3)	921.63	(7.74)	(0.8)%	
Gross operating profit (4)	331.5	(5.3)	(1.5)%	
Net interest income (5)	216.3	(5.7)		
NII from loans and deposits*3 (6)	172.4	(5.4)		
Fee income (7)	98.0	(1.9)		
Fee income ratio (8)	29.5%	(0.1)%		
Trust fees (9)	9.3	(0.3)		
Fees and commission income (10)	88.7	(1.6)		
Other operating income (11)	17.1	+2.3		
Net gains on bonds (including futures) (12)	6.1	+2.6		
Operating expenses (excluding group banks' non-recurring items) (13)	(208.2)	+2.9	+1.4%	
Cost income ratio (OHR) (14)	62.8%	+0.1%		
Actual net operating profit (15)	123.5	(4.0)	(3.1)%	
Net gains on stocks (including equity derivatives) (16)	3.2	+0.5		
Credit related expenses, net (17)	(10.3)	(15.4)		
Other gains, net (18)	(4.1)	(29.4)		
Net income before income taxes and non-controlling interests (19)	112.2	(48.4)	(30.1)%	
Income taxes and other (20)	(30.6)	+3.5		
Net income attributable to non-controlling interests (21)	(4.6)	(0.2)		

*1. Full year target of FY2019: JPY160.0 bn, 1H target of FY2019 : JPY76.0 bn *2. One-off gain regarding KMFG integration : JPY39.8 bn

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

*4. Negative figures represent items that would reduce net income

Proactive Response to Medium- to Long-Term Changes in the Environment

1. Progress of income and cost structure reforms

- Spreads With the shift to quality-focused lending operation, achieve consistent loan book growth while mitigating the decline in loan yield
- Fees Continue striving to increase fee income not dependent on sales of investment trusts and insurance
- Expenses Promote digital-driven labor saving initiatives to continue to curtail costs such as personnel expenses

2. Progress of financial reforms with an eye to a possible shift in the credit cycle

- Market division Measures undertaken in FY2018 to improve the soundness of securities portfolio resulted in recovery in profit and unrealized gains; striving to reduce policy-oriented stockholdings
- Credit-related expenses Took preemptive measures for a portion of our apartment loan portfolio, practicing a “quality”-focused loan management approach

Breakdown of Financial Results

(JPY bn)	Resona Holdings (Consolidated)		Total of group banks		Resona Bank	Saitama Resona Bank	Total of group banks under KMFG	Difference (a)-(c)
	(a)	YoY (b)	(c)	YoY (d)	(e)	(f)	(g)	
Gross operating profit (1)	331.5	(5.3)	304.3	(5.5)	177.1	60.3	66.8	27.1
Net interest income (2)	216.3	(5.7)	213.3	(6.6)	116.4	42.5	54.4	2.9
Nil from domestic loans and deposits (3)			172.4	(5.4)	87.3	36.1	48.9	
Gains/(losses) on cancellation of investment trusts (4)	0.5	(3.2)	0.5	(3.1)	(0.6)	(0.3)	1.4	0.0
Fee income (5)	98.0	(1.9)	74.5	(1.9)	52.0	13.5	8.8	23.5
Fee income ratio (6)	29.5%	(0.1)%	24.4%	(0.2)%	29.4%	22.4%	13.2%	
Trust fees (7)	9.3	(0.3)	9.3	(0.3)	9.3			(0.0)
Fees and commission income (8)	88.7	(1.6)	65.2	(1.6)	42.7	13.5	8.8	23.5
Other operating income (9)	17.1	+2.3	16.4	+3.1	8.6	4.2	3.5	0.6
Net gains on bonds (including futures) (10)	6.1	+2.6	6.2	+3.3	0.5	3.0	2.6	(0.1)
Operating expenses (excluding group banks' non-recurring items) (11)	(208.2)	+2.9	*1 (196.7)	+2.9	(104.4)	(36.9)	*1 (55.2)	(11.4)
Cost income ratio (OHR) (12)	62.8%	+0.1%	64.6%	+0.2%	58.9%	61.3%	82.6%	
Equity in gains of affiliates (13)	0.2	*2 (1.6)						0.2
Actual net operating profit (14)	123.5	(4.0)	107.5	(2.5)	72.6	23.3	11.5	15.9
Core net operating profit (excluding gains/(losses) on cancellation of investment trust) *3 (15)			96.1	(9.5)	69.4	19.2	7.4	
Net gains on stocks (including equity derivatives) (16)	3.2	+0.5	7.7	+2.7	0.9	2.0	4.6	(4.4)
Credit related expenses, net (17)	(10.3)	(15.4)	(8.7)	(14.0)	(7.2)	(2.1)	0.6	(1.6)
Other gains/(losses), net (18)	(4.1)	*4 (29.4)	*5 (4.2)	+9.7	1.5	(1.1)	*5 (4.6)	0.0
Net income before income taxes (19)	112.2	(48.4)	102.2	(4.0)	67.8	22.0	12.3	9.9
Income taxes and other (20)	(30.6)	+3.5	(28.8)	+1.6	(18.9)	(6.4)	(3.3)	
Net income attributable to non-controlling interests (21)	(4.6)	(0.2)						
Net income (attributable to owners of parent) (22)	76.9	(45.1)	73.4	(2.3)	48.9	15.5	9.0	

*1. Exclude goodwill amortization by KMB, JPY(0.3) bn, related to acquisition of former Biwako Bank posted in FY'18, related to two leasing companies which newly became equity method-applied subsidiaries

*3. Actual net operating profit - gains on cancellation of investment trust - Net gains on bonds

*5. Include KMFG integration cost JPY(3.7) bn

*4. Include absence of one-off gain, JPY(39.8) bn, regarding KMFG integration in FY'18

HD
Consolidated

122.1

Gross operating profit (5.3)

39.8

**Excluding
one-off
gain**

82.2

FY2018
1H

Other N
(0.2)

Fees and
commissio
income
(1.9)

Other GOP,
net
+2.3

Operating expenses
+2.9

Equity in gains of affiliates (1.6)

Net gains
on stocks
(including
equity
derivatives)
+0.5

Credit-related expenses, net
(15.4)

Other items, net	+13.7
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(45.1), YoY

**Excluding
one-off gain,
(5.2), YoY**

76.9

Of
which,
KMFG
JPY4.0*1

Volume factor +2.9
Rate factor (8.4)

Gains on cancellation of investment trust (3.2)
Gains on Investment trust distribution +3.6

Net gains on bonds	+2.6
(including futures)	
Yen bonds	(3.4)
Foreign bonds	+6.0

Personnel expenses	+2.2
Non-personnel expenses	+0.7
Taxes	(0.0)

Absence of gains on negative goodwill related to two leasing companies (1.7)

Act.
FY'18 1H 5.1 (gain)
FY'19 1H (10.3)

Insurance	(1.4)
Sales commission of investment trust	(1.6)
Fund wrap	+0.3
Settlement related	+1.0
HL related	+1.2

Retirement benefit expenses	+4.1
Taxes	+3.5
Gains/losses on disposal of fixed assets etc.	+2.1

FY2019
1H

Resona Holdings, Inc.

Trend of Loans and Deposits (Domestic account)

Total of
Group Banks

Average loan / deposit balance, rates and spread

Avg. bal : Trillion Yen Income/Cost : Billion Yen		1H		FY2019	
		Act. (a)	YoY *3 (b)	Revised plan (c)	YoY *3 (d)
Loans	Avg. Bal. (1)	35.30	+1.72%	35.40	+1.41%
	Rate (2)	0.99%	(0.05)%	0.98%	(0.04)%
	Income (3)	176.1	(5.9)	349.0	(12.2)
Corporate Banking Business Unit *1	Avg. Bal. (4)	21.01	+1.25%	21.05	+0.70%
	Rate (5)	0.84%	(0.04)%	0.84%	(0.03)%
Personal Banking Business Unit *2	Avg. Bal. (6)	13.13	+2.62%	13.19	+2.55%
	Rate (7)	1.26%	(0.07)%	1.25%	(0.07)%
Deposits (Including NCDs)	Avg. Bal. (8)	51.92	+2.51%	51.84	+2.02%
	Rate (9)	0.01%	(0.00)%	0.01%	(0.00)%
	Cost (10)	(3.7)	+0.4	(7.1)	+0.5
Loan-to-deposit	Spread (11)	0.98%	(0.04)%	0.97%	(0.04)%
	Net interest income (12)	172.4	(5.4)	341.9	(11.7)

*1. Figures are internal administration purpose, Corporate Banking Business Unit : Corporate loans (excluding loans to governments) + apartment loans

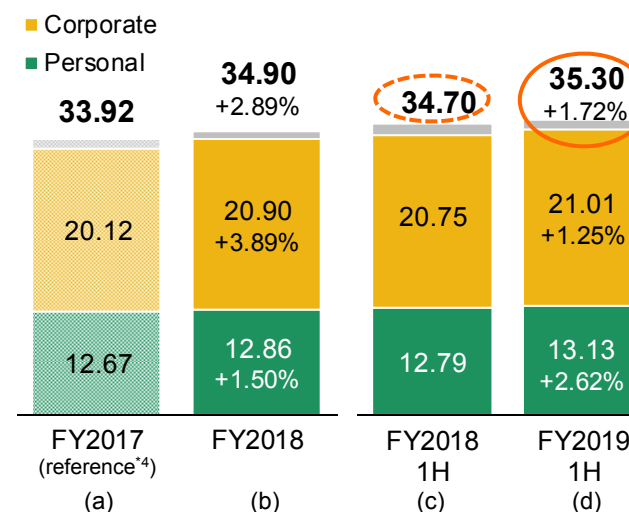
*2. Figures are internal administration purpose, Personal Banking Business Unit : Residential housing loans + other consumer loans

*3. Average balance : rate of change

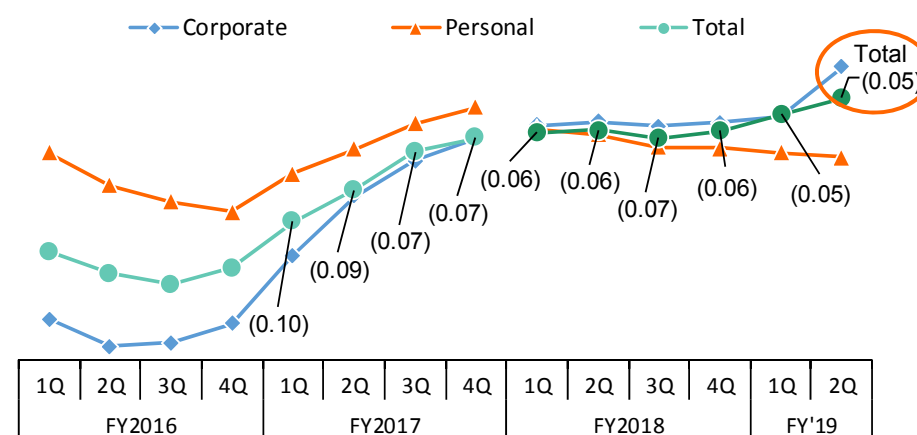
*4. Figures are adjusted to reflect the KMFG integration.

Trend of average loan balance, loan rate change

[Average loan balance (JPY tn)] % represents YoY change



[Loan rate YoY change (%)]



3 banks(RB, SR, KO)

After KMFG integration

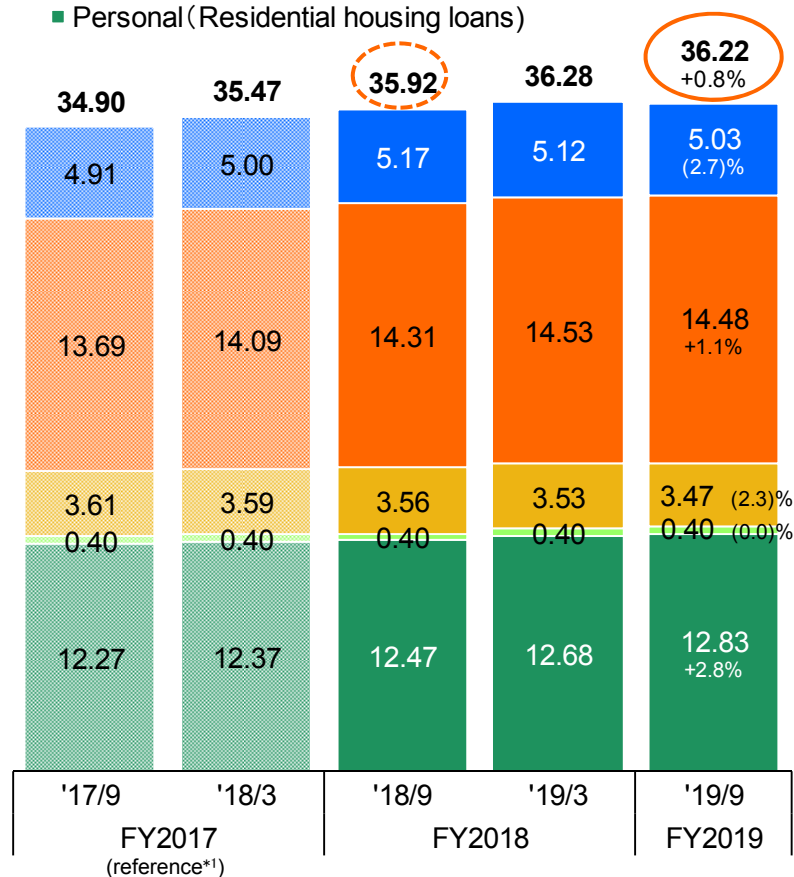
Term-end Balance of Loans and Deposits

Total of
Group Banks

Term-end loan balance

JPY tn, % represents
YoY change

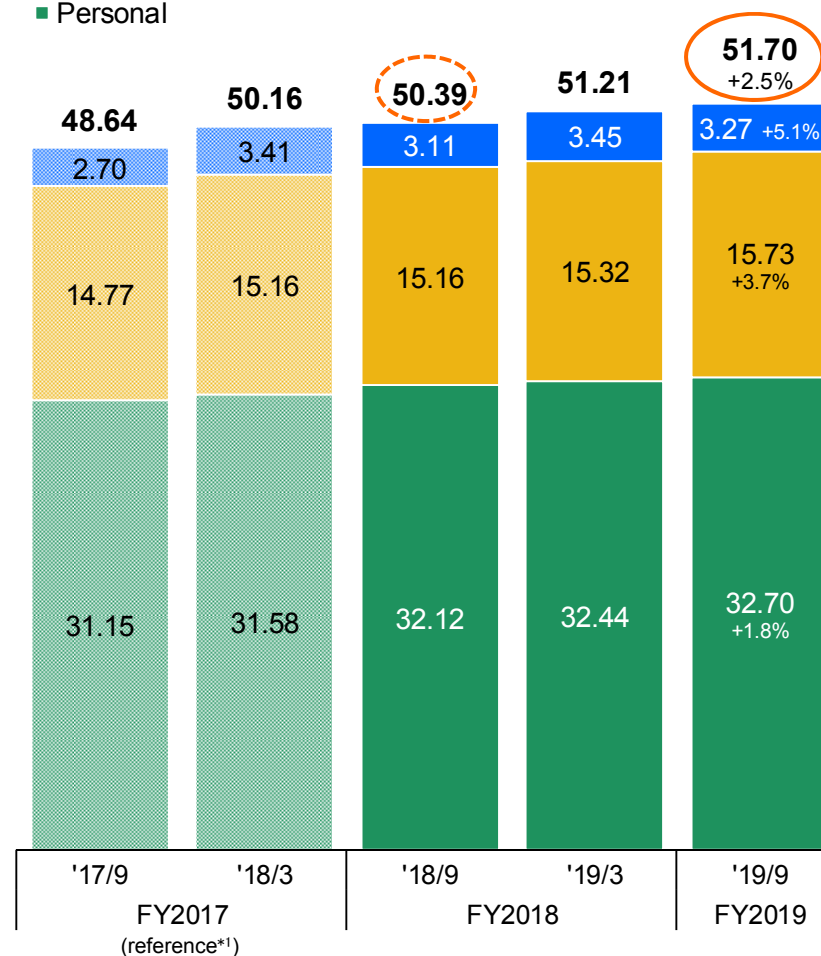
- Corporate (Large companies and other)
- Corporate (SMEs)
- Corporate (Apartment loans)
- Personal (Consumer loans)
- Personal (Residential housing loans)



Term-end deposit balance

JPY tn, % represents
YoY change

- Other
- Corporate
- Personal



*1. Figures are adjusted to reflect the KMFG integration.

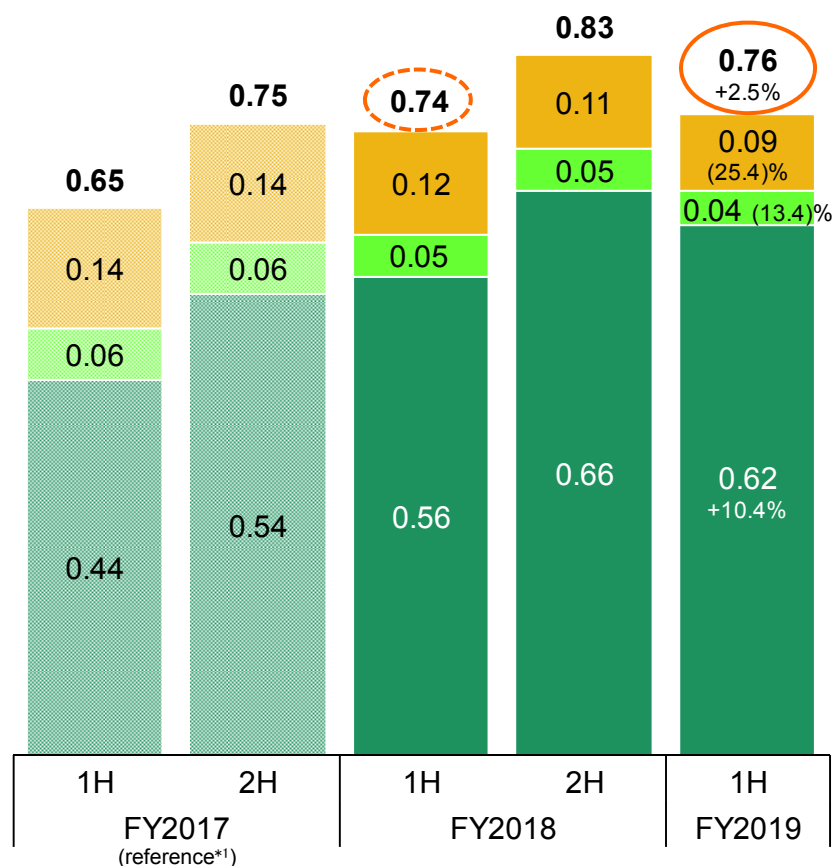
Housing Loan Business

Total of
Group Banks

New loan origination

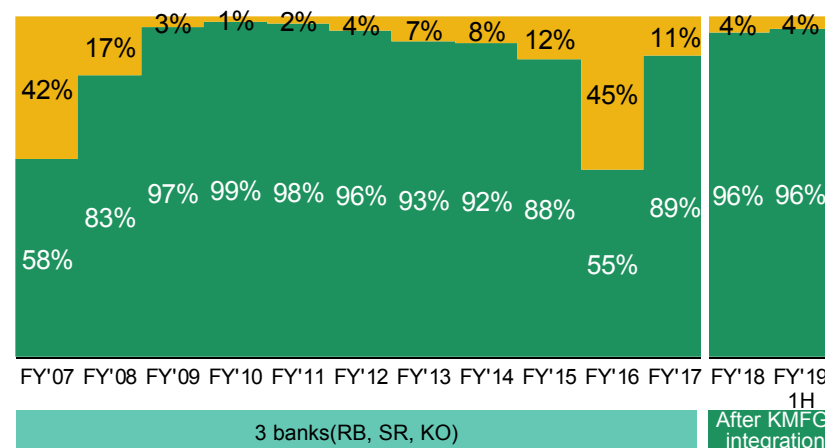
JPY tn, % represents
YoY change

- Apartment loan
- Flat 35
- Residential housing loan



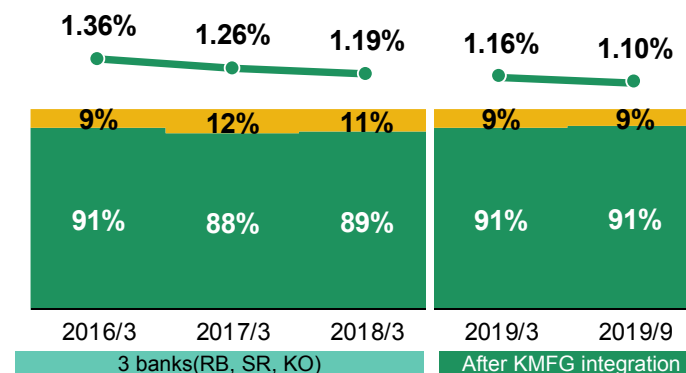
Composition of newly originated residential housing loans by interest rate type

- Share of fixed rate residential housing loans
- Share of variable rate residential housing loans



Residential housing loans yield on a stock basis and composition by interest rate type

- Share of fixed rate residential housing loans
- Share of variable rate residential housing loans
- Residential housing loans yield

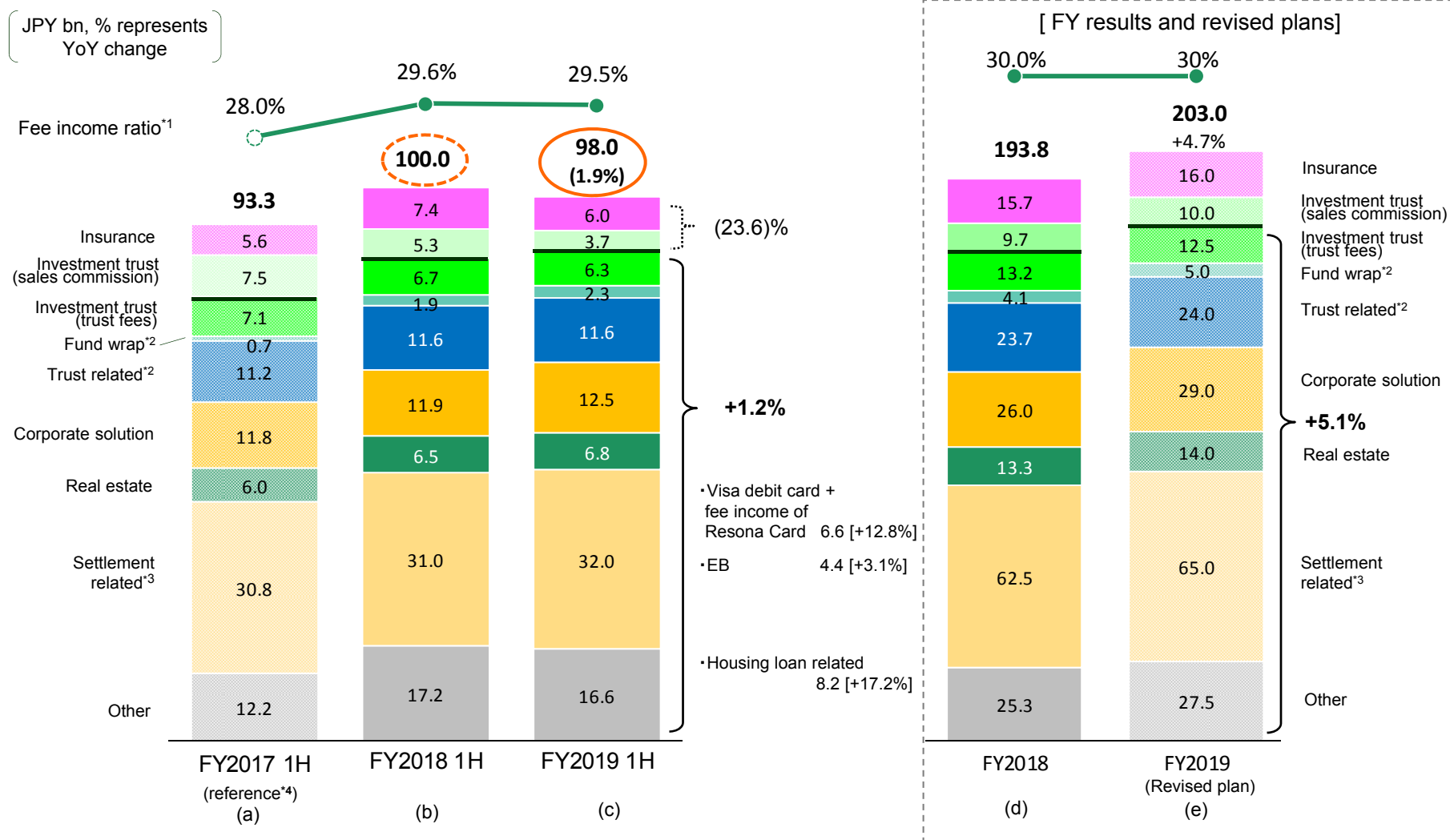


*1. Figures are adjusted to reflect the KMFG integration.

Fee Income

HD
Consolidated

- Consolidated fee income ratio*¹ for 1H of FY2019 : 29.5%
- While sales of insurance and investment trust have slowed down, fund wrap (+20.5%, YoY), corporate solution(+4.9%,YoY), settlement related fee (+3.4%, YoY) have grown steadily.



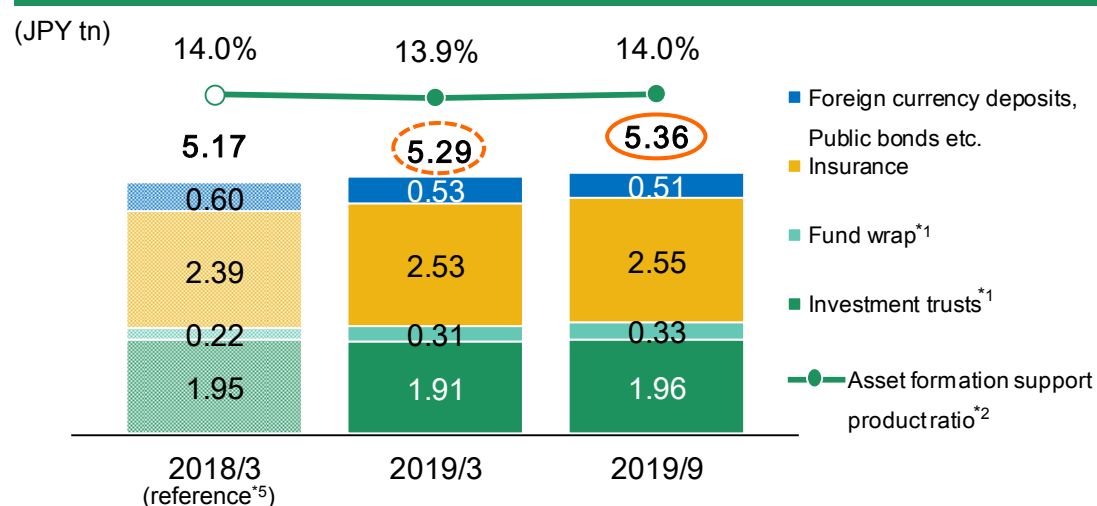
*1. (Fees and commission income + trust fees) / Consolidated gross operating profit *2. Including fee income earned by Resona Asset Management

*3. Fees and commission from domestic exchange, account transfer, EB, Visa debit card and fee income earned by Resona Kessai Service and Resona Card *4. Figures are adjusted to reflect the KMFG integration.

Major Fee Businesses(1) (Asset Formation Support Business)

HD
Consolidated

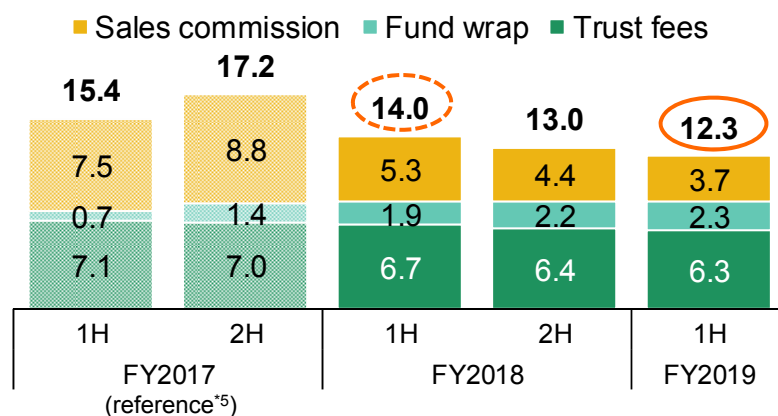
Balance of asset formation support products sold to individuals



- Balance of fund wrap*1 : '19/9 JPY337.0 bn (JPY375.2 bn including corporation)
- Change in balance of investment trust and fund wrap: 1H FY'19 approx. +JPY75.1 bn
 - Net inflow (new purchase – withdrawal and redemption) : Approx. +JPY74.0 bn
- Number of individual customers having investment trust, fund wrap and insurance products : '19/9 0.92 million
 - NISA account holders*3 : 0.35 million (+11.9%, YoY)
- iDeCo participants*4 : '19/9 109 thousand, (+23.7%, YoY)

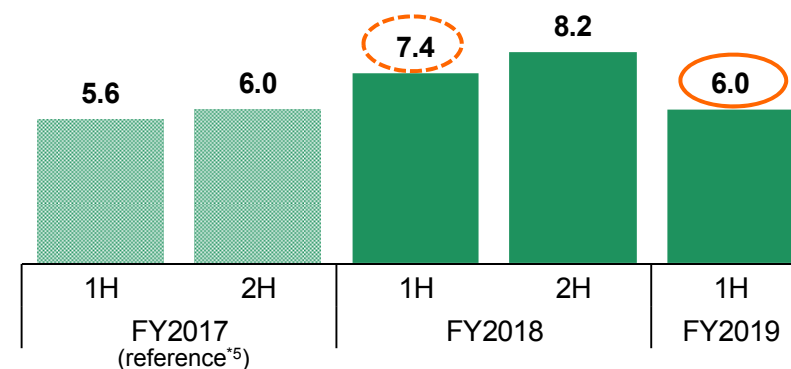
Investment trust and fund wrap income

(JPY bn)



Insurance income

(JPY bn)



*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. NISA, Junior NISA, Cumulative NISA
*4. iDeCo participants + members giving investment instructions *5. Figures are adjusted to reflect the KMFG integration.

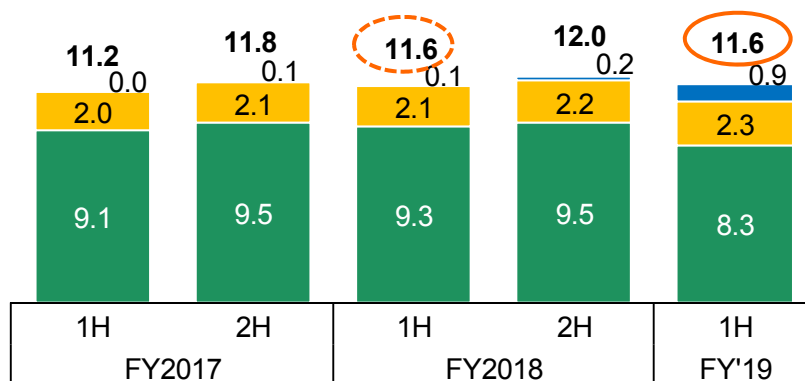
Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

HD
Consolidated

Trust-related business income

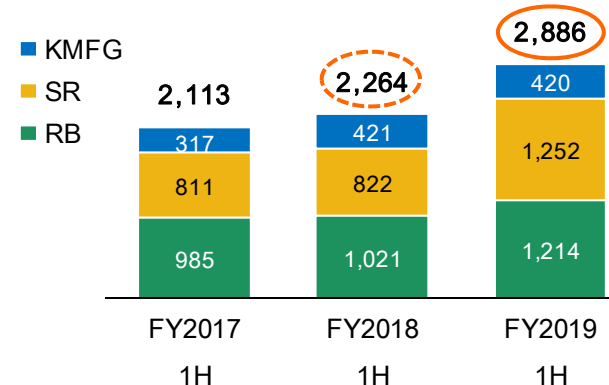
(JPY bn)

- Resona Asset Management
- Trust solution offered for asset and business succession
- Pension/Securities trust



- Expand business opportunities through providing group banks' customers with trust functions

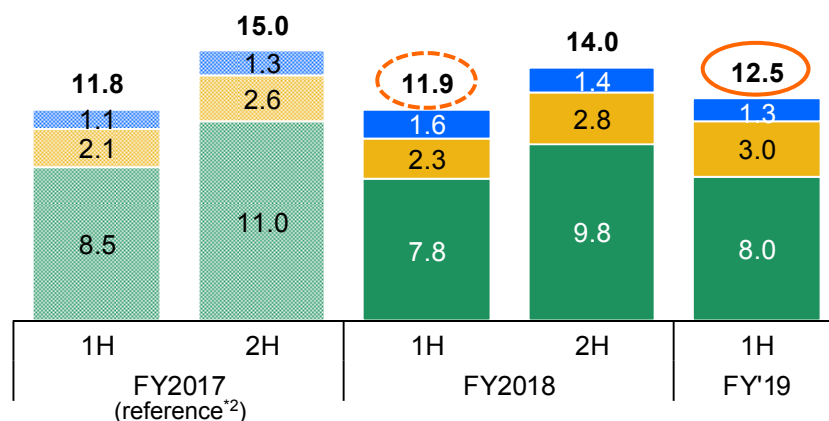
[Number of new asset succession-related contracts]



Corporate solutions business income

(JPY bn)

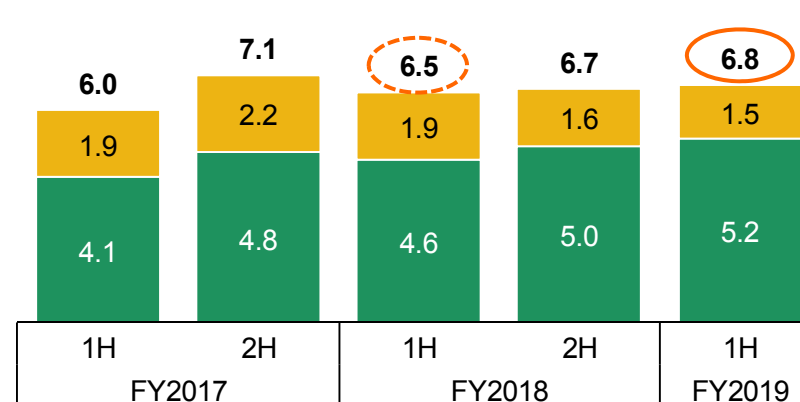
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



Real estate business income*1

(JPY bn)

- Corporate
- Consumer



*1. Excluding gains from investments in real estate funds

*2. Figures are adjusted to reflect the KMFG integration.

Credit Costs and NPL

HD Consolidated
Total of Group Banks

Trend of credit costs

(JPY bn)	FY 2017 (Reference ^{*1})	FY2018		FY2019	
		1H		1H	Revised Plan
	(a)	(b)	(c)	(d)	(e)
Net credit cost (HD consolidated) (1)	10.1	5.1	(1.3)	(10.3)	(24.5)

Net credit cost (Total of group banks) (2)	14.7	5.2	0.1	(8.7)	(19.0)
General reserve (3)	9.0	7.9	11.2	(2.8)	
Specific reserve and other items (4)	5.7	(2.6)	(11.0)	(5.9)	
New bankruptcy, downward migration (5)	(22.2)	(12.7)	(31.3)	(15.9)	
Collection/upward migration (6)	27.9	10.0	20.2	10.0	

Difference (1) - (2) (7)	(4.6)	(0.1)	(1.4)	(1.6)	(5.5)
HL guarantee subsidiaries (8)	0.0	2.6	3.0	(1.1)	
Resona Card (9)	(2.3)	(1.1)	(2.2)	(1.1)	

<Credit cost ratio> (bps)					
HD consolidated ^{*2} (10)	2.8	2.8	(0.3)	(5.6)	(6.6)
Total of group banks ^{*3} (11)	4.0	2.8	0.0	(4.6)	(5.0)

(Note) Positive figures represent reversal gains

*1. Figures are adjusted to reflect the KMFG integration.

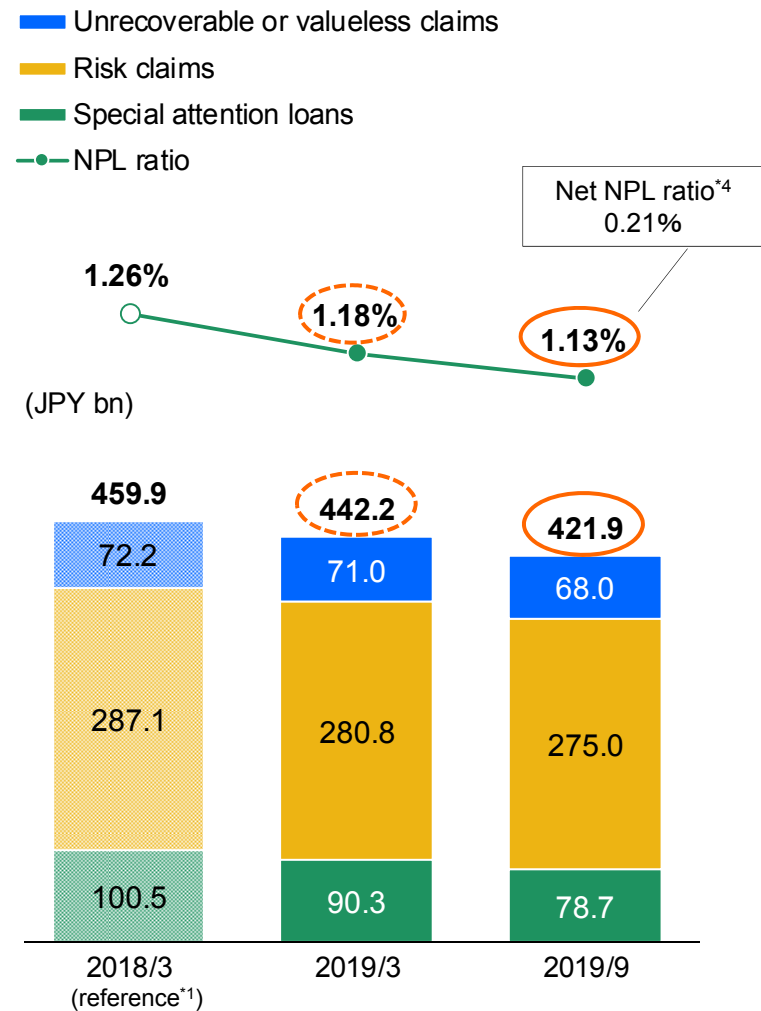
*2. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

*3. Credit cost / total credits defined under the Financial Reconstruction Act
(Simple average of the balances at the beginning and end of the term)

*4. Net of collateral, guarantees and loan loss reserves

Trend of NPL balance and ratio (Total of Group Banks)

(Financial Reconstruction Act criteria)



Securities Portfolio

Total of
Group Banks

Securities portfolio^{*1}

(JPY bn)	2018/3 (reference ^{*2}) (a)	2019/3 (b)	2019/9 (c)	Unrealized gains/(losses) (d)
Available-for-sale securities (1)	2,918.1	2,566.5	2,530.4	546.9
Stocks (2)	365.4	353.8	349.5	521.4
Bonds (3)	1,532.7	1,188.2	1,258.1	6.9
JGBs (4)	325.1	46.1	129.2	(0.4)
Average duration (years) (5)	6.5	6.7	11.9	—
Basis point value (BPV) (6)	(0.21)	(0.03)	(0.15)	—
Local government and corporate bonds (7)	1,207.5	1,142.0	1,128.9	7.3
Other (8)	1,019.9	1,024.5	922.7	18.5
Foreign bonds (9)	389.2	472.3	472.1	11.3
Average duration (years) (10)	8.4	5.3	4.7	—
Basis point value (BPV) (11)	(0.31)	(0.18)	(0.14)	—
Investment trusts (Domestic) (12)	608.0	540.6	440.0	4.5
Net unrealized gain (13)	672.8	598.3	546.9	
Bonds held to maturity (14)	2,057.1	2,127.4	1,877.3	46.2
JGBs (15)	1,565.5	1,539.5	1,194.4	33.7
Net unrealized gain (16)	52.0	47.1	46.2	

- Unrealized gains/(losses) in 3 assets improved (4)+(9)+(12)
'18/3^{*2} JPY(21.2) bn ⇒ '19/3 +JPY2.4 bn ⇒ '19/9 +JPY15.5 bn

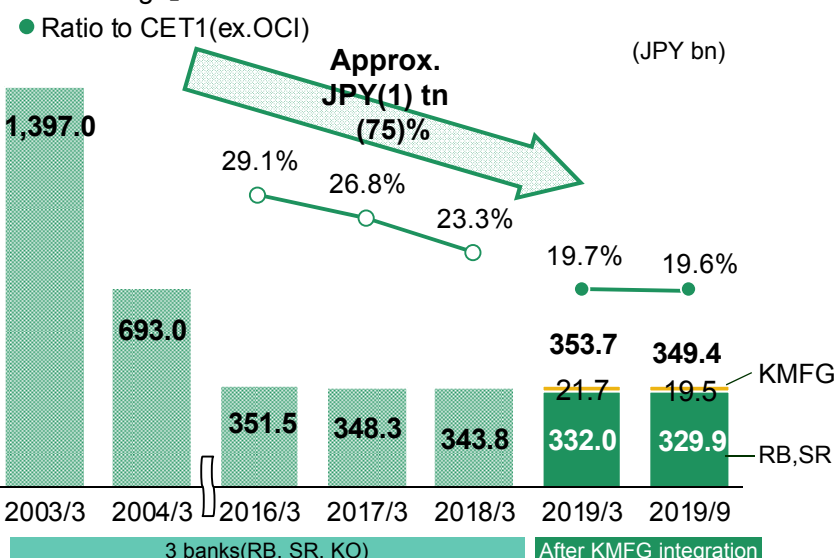
*1. Acquisition cost basis. The presented figures include marketable securities only

*2. Figures are adjusted to reflect the KMFG integration. *3. Excluding OCI (other comprehensive income)

Status of policy-oriented stocks held

- Breakeven Nikkei average: Approx. 7,800 yen
- Balance of listed stocks disposed in 1H of FY2019 (acquisition cost basis): JPY4.2 bn, Net gain on sale: JPY7.1 bn
- Policy for holding policy-oriented stocks
 - After the injection of public funds, Resona Group reduced the balance of stockholdings in order to minimize the price fluctuation risk.
 - Resona Group will continue to determine whether or not to hold policy-oriented stocks after examining risks and returns, including the realizability of medium- and long-term business prospects, and aims to reduce the balance to a range between 10% and 20% of the CET1 capital^{*3} in the medium term.
 - Plan to reduce JPY35.0 bn in 5 years from FY2016

【Stock holdings】



Capital Adequacy Ratio

HD
Consolidated

- **CAR (Domestic std.) and CET1 ratio* (International std.) as of Sep. 30, 2019 were 11.20% and 10.27%, respectively, maintaining sound capital adequacy level**
- * Excluding unrealized gain on available for sale securities

Domestic standard				
(JPY bn)	2019/3	2019/9	Change	
Capital adequacy ratio (1)	10.10%	11.20%	+1.10%	
Total capital (2)	1,925.9	1,946.6	+20.6	
Core Capital: instruments and reserves (3)	1,978.1	2,008.6	+30.5	
Stockholders' equity (4)	1,636.7	1,679.7	+42.9	
Adjusted non-controlling interests (5)	236.2	237.2	+0.9	
Subordinated loans and bonds subject to transitional arrangement (6)	97.0	79.2	(17.7)	
Core Capital: regulatory adjustments (7)	52.1	62.0	+9.8	
Risk weighted assets (8)	19,062.0	17,375.1	(1,686.9)	
<div>■ Change in total capital</div> <div>● Stocksholders' equity +42.9 bn</div> <div>● Net income attributable to owners of parent +76.9 bn</div> <div>● Dividends distributed (24,3) bn</div> <div>● Acquisition of own shares (10.0) bn</div> <div>● Decrease of subordinated bonds included in Core Capital (17.7) bn</div>				
<div>■ Change in RWAs</div> <div>● IRB approach applicable to KMB and MB* (1,135.6) bn</div> <div>(*Applicable at an RHD-consolidated level)</div> <div>● Decline in parameters and other (220.6) bn</div> <div>● Decline in balance of investment trusts (312.5) bn</div>				

■ **Group banks, Bank holding company**

Domestic standard (JPY bn)	Resona (Consolidated)	Saitama Resona (Non-consolidated)	KMFG (Consolidated)
Capital adequacy ratio	11.02%	13.67%	8.26%
Total capital	1,111.6	353.6	459.2
Risk weighted assets	10,081.5	2,586.4	5,553.6

(Reference) International standard				
(JPY bn)	2019/3	2019/9	Change	
Excluding net unrealized gains on available-for-sale securities (9)	9.30%	10.27%	+0.97%	
Common Equity Tier1 capital ratio (10)	11.47%	12.48%	+1.01%	
Tier1 capital ratio (11)	11.54%	12.71%	+1.17%	
Total capital ratio (12)	12.21%	13.46%	+1.25%	
Common Equity Tier1 capital (13)	2,239.2	2,191.9	(47.3)	
Instruments and reserves (14)	2,309.3	2,270.3	(39.0)	
Stockholders' equity (15)	1,636.7	1,679.7	+42.9	
Net unrealized gains on available-for-sale securities (16)	423.9	388.3	(35.6)	
Adjusted non-controlling interests (17)	222.7	178.2	(44.5)	
Regulatory adjustments (18)	70.1	78.4	+8.3	
Other Tier1 capital (19)	11.8	41.0	+29.1	
Tier1 capital (20)	2,251.1	2,233.0	(18.1)	
Tier2 capital (21)	130.6	131.0	+0.4	
Total capital (Tier1+Tier2) (22)	2,381.7	2,364.0	(17.7)	
Risk weighted assets (23)	19,506.6	17,556.2	(1,950.4)	

(Reference)

- **F-IRB approach applicable to KMB and MB (2019/6~)**

- **Impact from the finalized Basel 3**

CET1 ratio: Approx. 9.0%*

(Excluding unrealized gains on available-for-sale securities)

*Trial calculation which took into consideration the estimated increase in RWAs owing to the finalization of Basel 3 (SA and capital floor revisions) based on the actual CET1 ratio excluding net unrealized gains on available-for-sale securities as of Sep. 30, 2019 reported as (9) in the above table

Earnings Targets for FY2019 (Released in November 2019)

HD Consolidated
Total of Group Banks

HD consolidated

(JPY bn)	1H	Full-year	change from original target	YoY change
Net (interim) income attributable to owners of the parent (1)	76.9	160.0	-	*(15.1)
KMFG *1 (2)	4.0	6.5		
Difference (3)	8.4	16.0		

Common DPS

	DPS	Change from previous year
Common stock (annual) (4)	21.0 yen	-
Interim dividend (5)	10.5 yen	-

*Profit increase of JPY24.7 bn in terms of consolidated net income is planned for FY2019 in comparison with FY2018 result excluding the one-off gain of JPY 39.8 bn related to KMFG integration.

Total of group banks

(JPY bn)	Total of group banks				Resona Bank				Saitama Resona Bank				KMFG (total of group banks)			
	1H	Full-year	change from original target	YoY change	1H	Full-year	change from original target	YoY change	1H	Full-year	change from original target	YoY change	1H	Full-year	change from original target	YoY change
Gross operating profit (6)	304.3	611.0	(5.0)	+18.0	177.1	352.5	-	+12.6	60.3	118.0	(2.0)	+4.5	66.8	140.5	(2.5)	+1.0
Operating expenses (7)	(196.7)	(399.0)	+2.5	(1.4)	(104.4)	(209.5)	-	+1.7	(36.9)	(74.5)	-	(0.2)	(55.2)	(115.0)	+2.5	(3.0)
Actual net operating profit (8)	107.5	212.0	(2.5)	+16.7	72.6	143.0	-	+14.4	23.3	43.5	(2.0)	+4.3	11.5	25.5	-	(2.0)
Net gains on stocks (including equity derivatives) (9)	7.7	31.5	+4.5	+19.5	0.9	21.5	+3.0	+11.0	2.0	4.0	-	+6.2	4.6	6.0	+1.5	+2.3
Credit related expenses, net (10)	(8.7)	(19.0)	(2.0)	(19.1)	(7.2)	(11.5)	(3.0)	(16.6)	(2.1)	(4.0)	(1.0)	(3.2)	0.6	(3.5)	+2.0	+0.6
Income before income taxes (11)	102.2	208.5	(1.0)	+32.4	67.8	153.0	+2.0	+25.1	22.0	39.5	(3.5)	+7.3	12.3	15.5	-	(0.4)
Net (interim) income *2 (12)	73.4	148.5	(0.5)	+22.7	48.9	110.0	+2.0	+19.3	15.5	27.5	(2.5)	+5.5	9.0	11.0	-	(2.0)

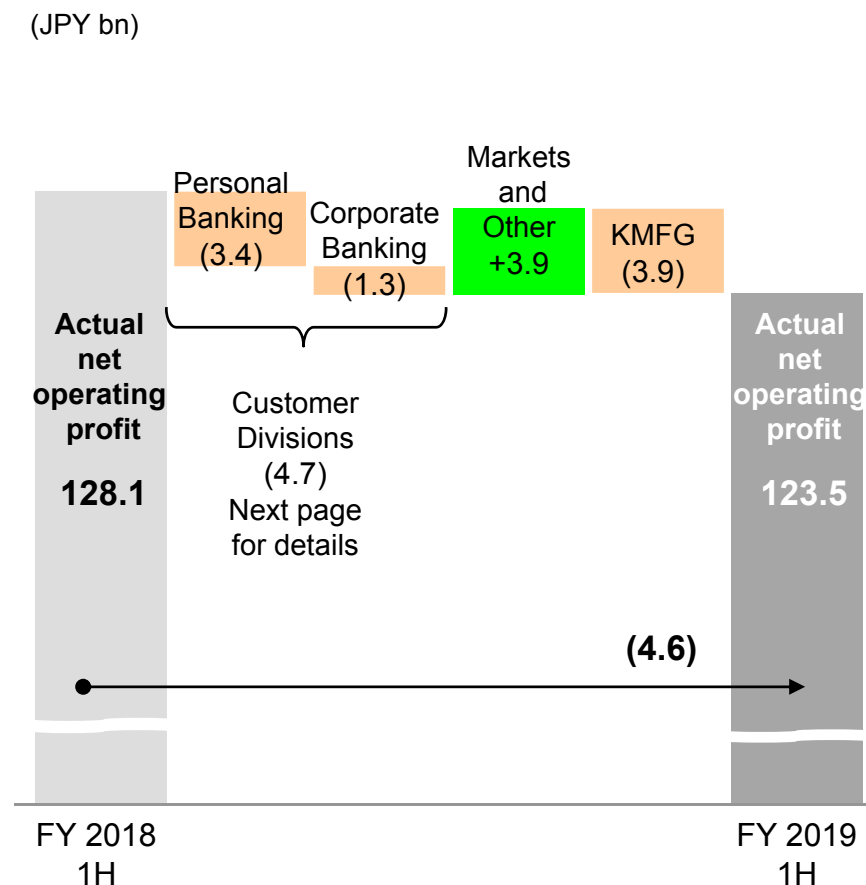
*1. Applied HD's 51% stake to the KMFG's net income guidance

*2. Net (interim) income attributable to non-controlling shareholders are not deducted from net (interim) income

(Reference) Outline of Financial Results of Each Segment

HD
Consolidated

(JPY bn)		FY2019 1H	YoY Change
Customer Divisions	Gross operating profit (1)	233.0	(4.6)
	Operating expense (2)	(148.9)	(0.0)
	Actual net operating profit (3)	84.1	(4.7)
Personal Banking	Gross operating profit (4)	103.7	(3.9)
	Operating expense (5)	(76.4)	+0.4
	Actual net operating profit (6)	27.2	(3.4)
Corporate Banking	Gross operating profit (7)	129.2	(0.7)
	Operating expense (8)	(72.4)	(0.5)
	Actual net operating profit (9)	56.8	(1.3)
Markets and Other	Gross operating profit (10)	27.0	+3.8
	Operating expense (11)	(2.0)	+1.7
	Actual net operating profit (12)	25.1	+3.9
KMFG	Gross operating profit (13)	71.3	(5.1)
	Operating expense (14)	(57.1)	+1.2
	Actual net operating profit (15)	14.1	(3.9)
Total	Gross operating profit (16)	331.4	(6.0)
	Operating expense (17)	(208.2)	+2.9
	Actual net operating profit (18)	123.5	(4.6)



Definition of management accounting

1. "Customer Divisions" and "Markets and Other" segment refers 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

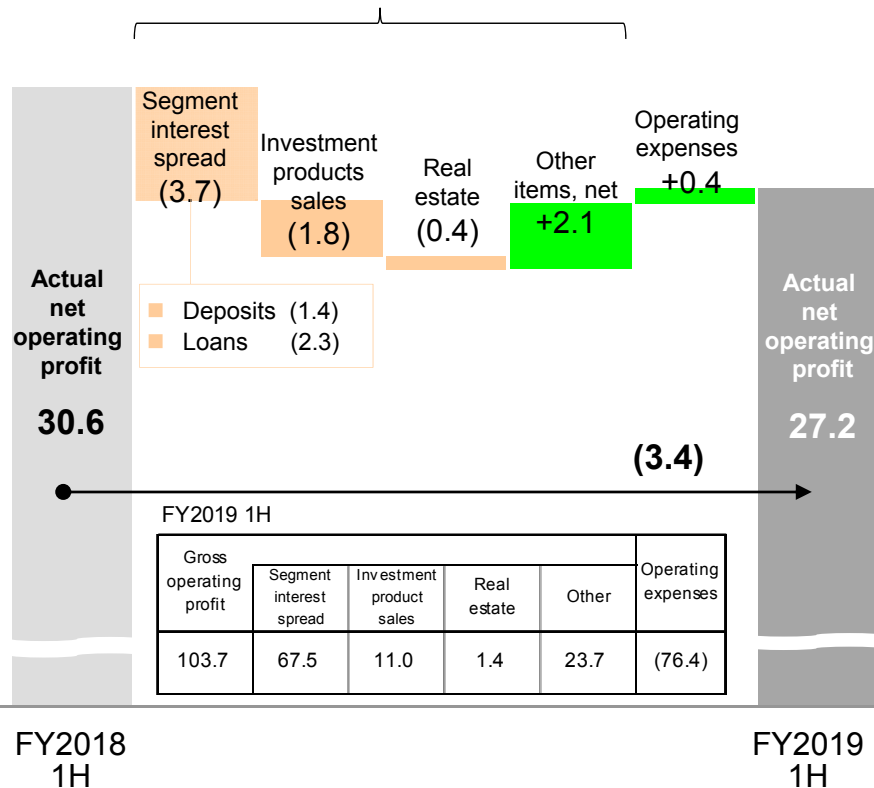
HD Consolidated
(exclude KMFG)

Personal banking segment

■ Actual net operating profit : Down JPY3.4 bn, YoY

(JPY bn)

Gross operating profit (3.9)

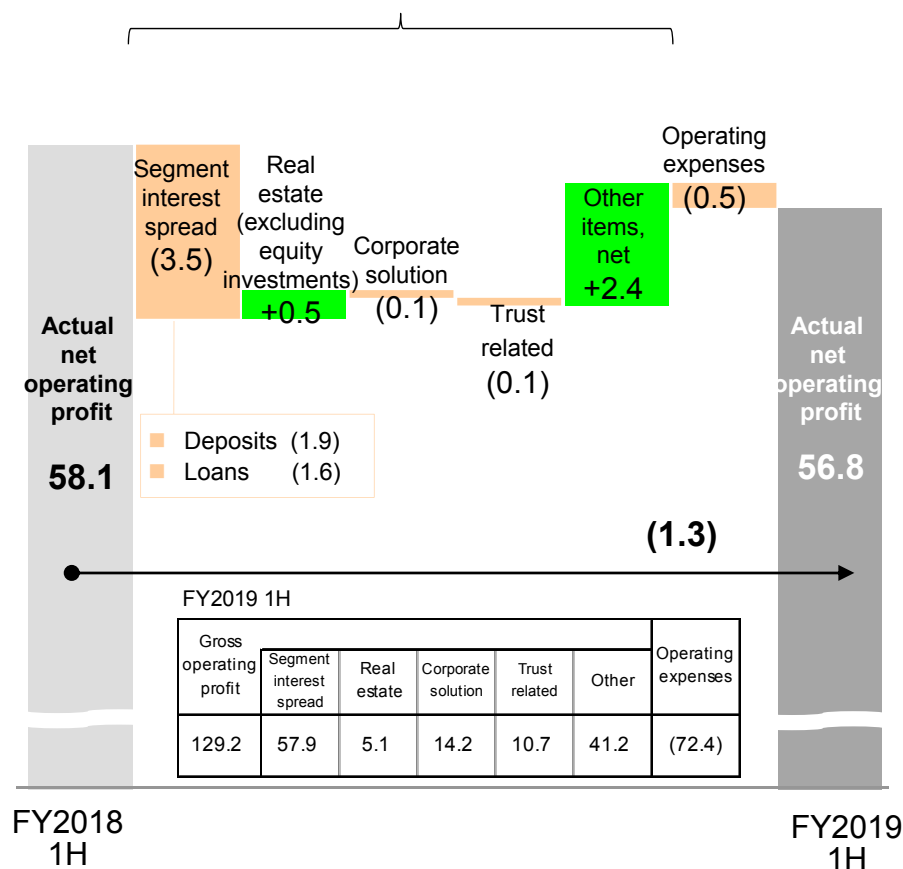


Corporate banking segment

■ Actual net operating profit : Down JPY1.3 bn, YoY

(JPY bn)

Gross operating profit (0.7)



**Outline of Business Results for 1H of FY2019
and Updates on Major Businesses**

Efforts to Business Challenges for Sustainable Growth

Direction of Capital Management

Reference Material

For Becoming the “Retail No. 1” Financial Services Group (1)

Help Resolve Social Issues through Business and Innovation



Resona Group
Integrated Report 2019
Extracts from A Message
from the President

We are hearing the call to take a unified stance to tackle and resolve these long-term issues and other emerging threats. However, even as businesses are exposed to risks associated with these issues, the very issues affecting them may offer major opportunities to those businesses willing to tackle them.

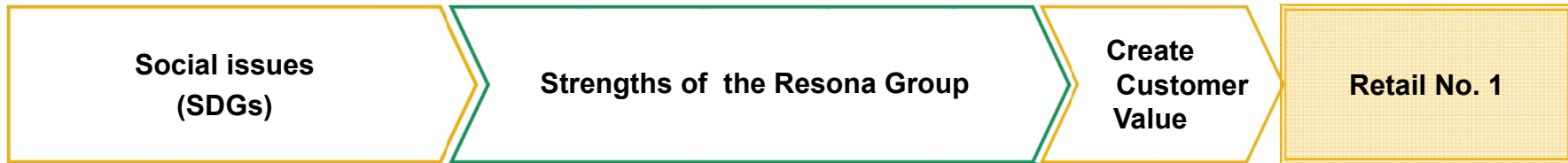
I believe that the true value of a business is proven when it realizes new innovation in a field never before deemed profitable and thereby helps resolve an issue society is now confronting.

Indeed, the institutions called “banks” may become no longer necessary. Yet, I would argue that financial services aimed at helping customers address their monetary issues will become ever more relevant and essential.

Resona has always been sensitive to the issues society is now confronting and stands ready to offer solutions through all aspects of its business operations while employing a customer-centric viewpoint in the provision of its financial services. By doing so, Resona aims to deliver greater value to its customers while facilitating the sustainable development of regional societies and the creation of new businesses serving this purpose. We are convinced that this approach will help us achieve growth.

For Becoming the “Retail No. 1” Financial Services Group (2)

Help Resolve Social Issues through Business and Innovation



Priority Themes in RSC2030*1

Local Communities



Low Birthrate and Aging Society



Environment



Human Rights



Strengths

Approx. 840 manned branches mostly in the Tokyo metropolitan area and the Kansai area

Customer base
Individual customers: 16 million
Corporate customers: 0.5 million

Largest commercial banking group in Japan with full-line trust capabilities

Diverse human resources

Cutting-edge system
Digital infrastructure

Sound financial position

Sophisticated corporate governance

MMP (FY2017~FY2019)

Income and Cost Structure Reforms p23, 24

Omni-Channel
p25, 26

Omni-Regional
p27, 28

Omni-Advisors
p29

<Business strategy>

Asset Formation Support Business p32, 33

Settlement Business p34, 35

Succession Business p36

SME Business p37, 38

Individual Loan Business p39

Focus on retail

DNA of reform

Enduring relationships with customers

*1. Commitment Towards Achieving the Sustainable Development Goals 2030 (Resona Sustainability Challenge 2030) released in Nov. '18

Progress of Income Structure Reform

Develop tolerance to prolonged ultra-low interest rate environment

	FY2017 (Act.)	FY2018 (Act.)	FY2019 1H (Act.)	HD'S MMP Target
	3 banks (RB・SR・KO)	After KMFG integration		
Average loan balance (YoY)	+1.9%	+2.8%	+1.7%	+2%/year
Loan rate (YoY)	(8)bps	(6)bps	(5)bps	(7)bps/year
Consolidated fee income ratio (HD)	30.4%	30.0%	29.5%	Lower half of the 30% range
Consolidated fee income ratio (RB+SR)*1	30.6%	32.7%	32.7%	Over 35%
Consolidated fee income ratio (KMFG)	-	21.0%	17.9%	-

**Strong focus on
the quality of assets
and returns in loan
management**

- Double down on a “quality”-focused approach with an eye to a possible shift in the credit cycle
- Achieved a turnaround in yield for newly originated corporate loans (first-half results of RB; a 5bps year-on-year increase)

**Increase
recurring fee
income**

- Take on challenge of making entries into new business areas and facilitating monetization
 - Resona Group Apps: 1.6 million downloads; number of debit card issued: 1.7 million; RCP began operating on a full scale; the Group's asset management functions being consolidated at RAM
- Completed the integration of KMB's business process and systems
 - ⇒ Facilitate the utilization of Resona platforms
- Optimize commission fees in light of relevant costs

*1. HD Consolidated—KMFG (FY2017 KO) Consolidated

Progress of Cost Structure Reform

Maintain efficient operations and strict control on costs

■ Low-cost operations

- Cost to income ratio of RB + SR: Below 60%
- Share Resona's operational reform know-how with KMFG

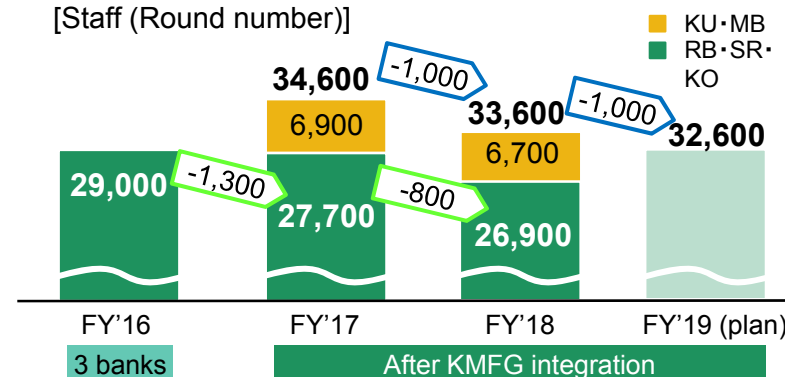
【Consolidated cost income ratio】

	FY'17 (Act.)	FY'18 (Act.)	FY'19 1H (Act.)	HD MMP target
	3 banks	After KMFG integration		
HD	61.7%	65.2%	62.8%	60% level
RB+SR *1	59.8%	61.3%	58.0%	Below 60%
KMFG	—	78.4%	79.9%	—

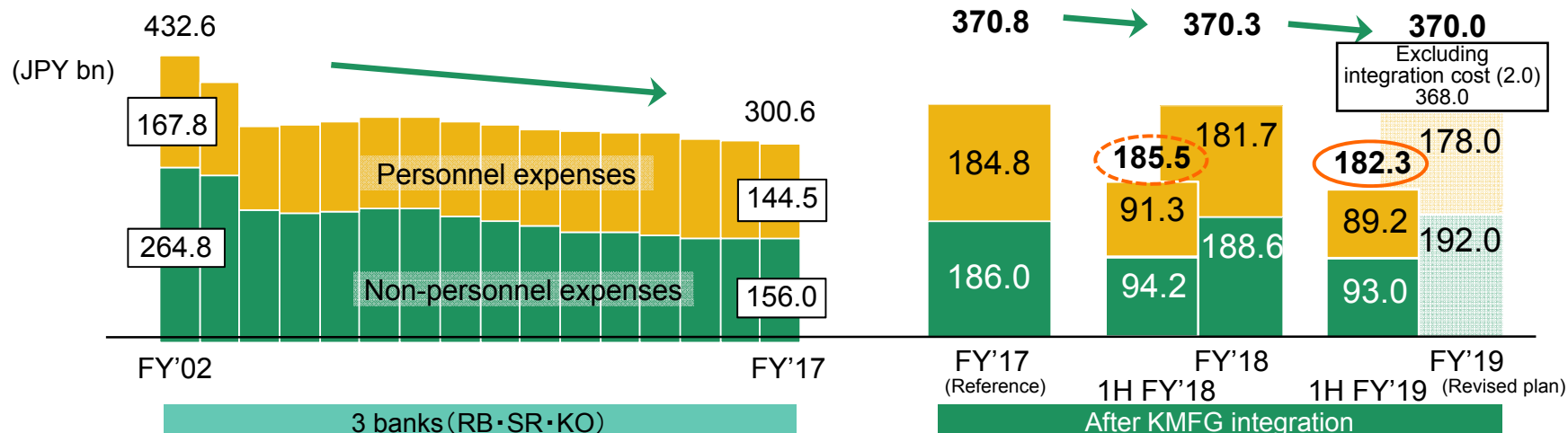
■ Personnel streamlining

- Reduced 2,100 staff by FY'18, ahead-of MMP schedule of 3,000 staff reduction (3 banks basis)

【Staff (Round number)】



■ Reduce personnel and non-personnel expenses while absorbing IT investment and one-off integration costs



*1. HD Consolidated—KMFG (FY2017 KO) Consolidated

Omni-Channel Strategy (1) ~Digital~

Expand customer contacts through Resona Group App

Wide-ranging customers



Diverse transactions



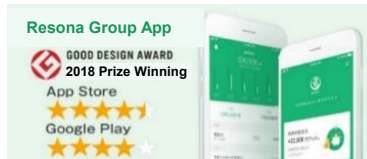
Lifetime relationship



Expand recurring fee business

1.6 million downloads
As of Oct. 2019

■ Outstanding design, user-friendliness



Eliminate negative perceptions among customers (inconvenience, uncertainty, dissatisfaction, distrust)

■ Updates via the analysis of customer expectations and requests

- Over 600 updates since Feb. '18

■ Expand the scope of users

- All customers who opened new accounts
- Expand the scope to include existing accounts in Nov. '18
- Made available to all KMB customers in Oct. '19

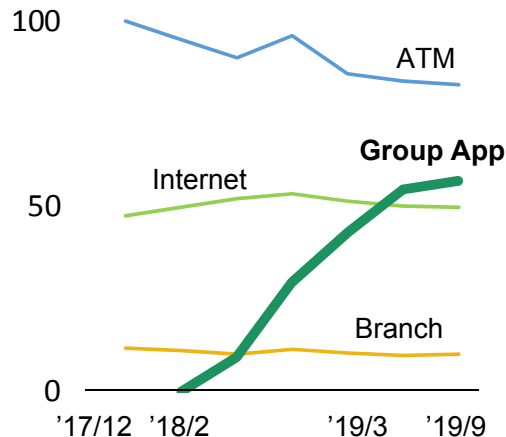
■ Enhance service menu

- Debit / Credit card application
 - Bank transfer / Pay-easy
 - Foreign deposit
 - Opening of accounts for and purchasing investment trusts
 - Small amount insurance
 - Club points exchange
 - AI chat, etc.
- (Future plans include app-based housing loans and international bank transfers)

High utilization rate

■ Grow as a new channel

[Number of users by channel*1 /day (RB)]



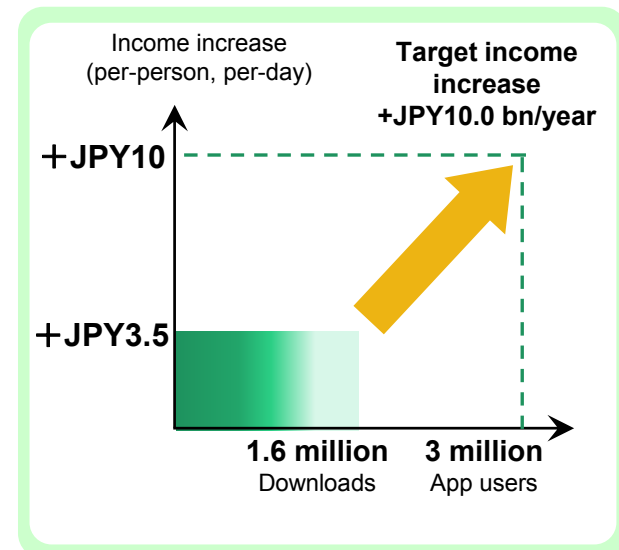
■ Sophisticated database marketing

- Number of AI-based proposal model 1.5 times, YoY
- Number of proposal 2.4 times, YoY

Multifaceted transactions

■ Expand transactions for potential customers

- Number of debit card transactions*2 2.0 times
- Number of inter-bank transfers*2 1.6 times
- Number of Pay-easy transactions*2 1.6 times



*1. Number of ATM users as of Dec. '17 as 100

*2. Comparing the results of the last two years for RB, SR, KO app users (potential customers, 15 to 69 years old) in Mar. '19

Omni-Channel Strategy (2) ~Face-to-face~

Enhance branch convenience and ensure low-cost operations, meeting customers' needs

Evolving customer needs

- ✓ Declining # of branch visits (daytime on weekdays)
- ✓ Widespread use of IB and smartphone-based transactions
- ✓ Growing consultation needs (asset management and inheritance, etc.)

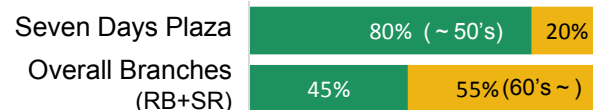
Branch strategy basic policy

- ~ No clerical work, make branches places for consultation ~
- ✓ Flexible operations based on customer needs (Location, operating hours)
 - ✓ Further lower operational costs through digitalization

■ Branches: Key contact points with customers

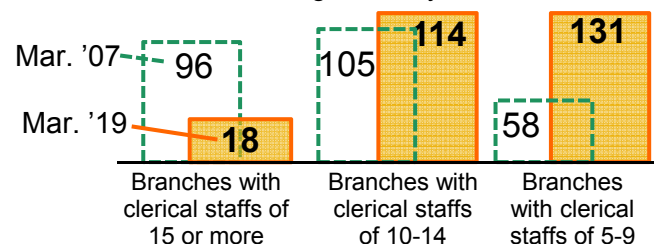
- Network of approx. 840 physical branches, the largest in Japan
- Restructure our branch network
 - Downsizing, relocation, Bank in Bank, etc.
 - Integrate KMB's business process and systems to expand the scope of restructuring
- Expand contacts with working-generation customers
 - Consultation-focused branches, which open seven days a week (30 branches as of Sep. '19, an increase of 6 branches during 1H)

[Branch visitors by age]



- Branch operation with fewer staffs

[Number of branches categorized by size of clerical staff*1]



< Image of a branch after introduction of the new branch system*2>

"Location-free" customer reception



Consultation services and banking procedures via the use of tablets

"Self-service banking transactions" provide novel and superior customer experience

Screen layouts allowing customers to easily navigate just like Group App



Under the branch management policy of "No back office space," entire branch staff is ready to directly accommodate customers



Complicated inquiries and consultation via teleconferencing (DSO*3)

● Status of relevant initiatives

- A "labo branch" installed in Tokyo Head Office in Mar. '19 to verify an innovative branch system
- The DSO*3 system installed at 8 branches (RB and SR; as of Sep.'19), with plans calling for completing installation at 45 branches in FY'19

*1. RB, excluding sub-branches

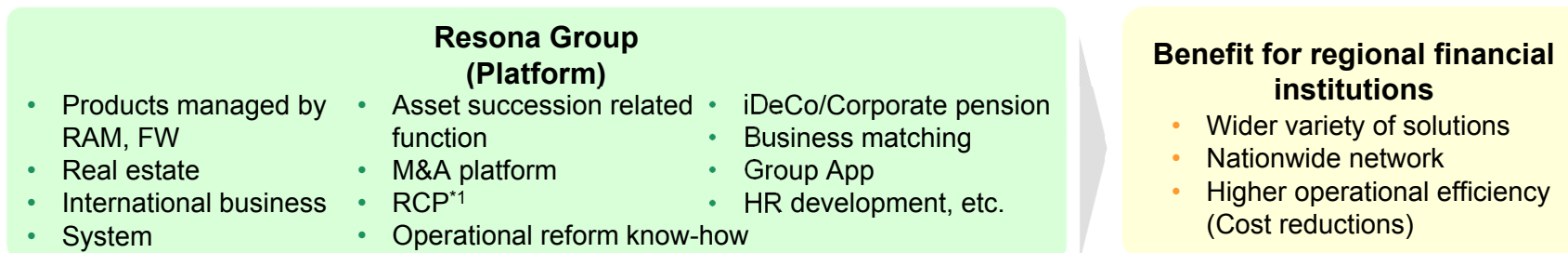
*2. New branch system (FY'20~)

*3. Digital service office

Omni-Regional Strategy

Provide new value to wider range of customers through broader alliances with regional financial institutions with or without capital ties

■ Expanded customer base: Provide various solutions to regional financial institutions



[Recent activities]

<p>Creation of KMFG</p> <p>Apr. '19 KMB inaugurated</p> <p>Oct. '19 KMB's business process and systems integrated</p>	<p>International business</p> <p>Expanded business alliances/cooperation</p> <p>Jul. '18 BIDV (Vietnam); dispatching staff since Oct. '19</p> <p>Oct. '18 Bank of Yokohama Daido Life Insurance</p>	<p>iDeCo</p> <p>More financial institutions now offering Resona's products</p> <p>18 financial institutions*2 offering Resona's products</p>	<p>M & A</p> <p>M&A platform</p> <p>37 companies*2 participated</p>
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■ Strengthened functions: Create new value with fintech firms, transcending boundaries of the banking industry

[Recent activities]

<p>Cashless (RCP*1)</p> <p>Aug. '18 Strategic alliances with 12 companies</p> <p>Oct. '19 Alliance with IT Coordinators Association</p> <p>Nov. '19 Jointed TSUNAGU-IT Consortium</p>	<p>System</p> <p>NTT Data Sofia, D&I Information Systems</p> <p>Became equity-method affiliates in Nov. '17</p>	<p>Lease</p> <p>DFL Lease Shutoken Leasing</p> <p>Became equity-method affiliates in Jul. '18</p>	<p>SME Support</p> <p>(Succession/business succession) (Support for management Improvement, etc.)</p> <p>Business alliance</p> <p>Oct. '18 Daido Life</p>
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● Collaboration with about 20 start-up companies in the fields of Omni-channel strategy and settlement business

*1. Resona Cashless Platform *2. As of Oct. '19

KMFG/Aiming to Realize Synergies at the Earliest Possible Date

PMI*1 for earlier realization of integration synergies progressing according to plan

■ Status of initiatives

Development of the consolidated structure for the Group

Oct. '19:
KMB's business process and systems integrated

[Creating synergies: FY'19 progress]

(JPY bn)	MMP*	Annual plan	1H results	Progress
Synergies	3.8	3.8	1.4	37%
Integration Cost	(12.7)	(11.2)	(3.7)	32%

Personnel exchanges

- 190 people in trust, real estate, PB, administrative and other divisions

Products and services

- Number of transactions newly acquired by KMFG in 1H of FY'19 (YoY)

[Individual]

Will trusts: approx. 1.3 times
New estate division: approx. 1.3 times
Commission fee-type housing loan: approx. 1.5 times

[Corporate]

BM deals: approx. 1.2 times
Number of business succession proposals: approx. 2.0 times
Global expansion assistance: approx. 1.3 times

- Open business plazas Kobe and Biwako (Oct. '19)
- All KMB branches handle debit card, FW (Oct. '19), RCP (2H FY'19)

Capital management

- 1H FY'19 : F-IRB approach applicable to KMB and MB (1Q~)

■ Future outlook

Full-fledged efforts to realize integration synergies

[FY'19 staffing plan]

(Headcount)	1H	Annual plan	Change (from Mar. '19)
All staff*2	9,060	8,750	(270)
Branch sales staff	1,690	1,700	+80
Branch clerical staff	4,060	3,890	(120)
HO staff	2,690	2,530	(220)

Income growth

- Increase recurring income by rolling out successful products and services throughout the Group

Enhanced services

- Take advantage of the Group's network and customer base
- Adopt flexible operating hours (open until 5 pm, even on holidays)

Higher productivity

- Achieve higher operational efficiency via integrated management of the Group
- Optimize human resource allocation (Reduction of total number of personnel while increase in sales staff)

Higher efficiency

- Introduce a branch grouping system (review missions assigned to each branch category to improve productivity, etc.)
- "Branch in Branch" (more than 40 branches) and "Bank in Bank"
- Integrate MB's business processes and systems (2H of FY'21)

*1. Post Merger Integration *2 Those working at Head Office and branches including full-time, term-contract and part-time employees as well as temporary staff and those seconded from an external company

Omni-Advisors Strategy

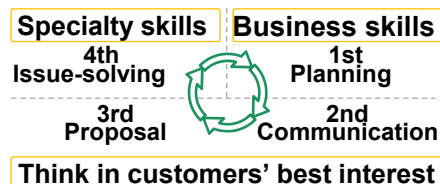
**Train consultants who can think and act in the best interests of their customers
⇒ Attain “Customer happiness”**

The “Omni-Advisors’ Growth Project”

A platform for nurturing professionals

■ Resona Academy

- Aim to nurture industry-leading professionals from selected candidates
- Retail professional course (nurturing those with outstanding skills on par with IFAs) (since Jul. ‘19)
Designed to accommodate 40 people/year, with the first group of 39 trainees now undergoing 30 days of training during 6 mths



- Plans call for opening the PB course and the corporate professional course that are designed to nurture experts of highest grades

- ✓ Practical training programs
- ✓ External specialists serving as lecturers for each field
- ✓ Trainees can receive support even after the completion of programs

Improve ability to offer solutions

- OJT by Resona Academy alumnae and alumni
- Assign front-leaders to all branches (RB)
- Omni-Advisor support program

- Open to all: introductory and intermediate levels
 - Retail course: Approx. 100 trainees/year, six days in total (since Aug. ‘19)
 - Corporate course: Approx. 35 trainees/year, three days in total (since 2H of FY’19)

Programs designed to inspire employees to pursue growth

■ Employee Support Series (FY’19~)

- Extend retirement age to 70 and switch portion of childcare leave to additional paid leave
- Approx. 2,000 employees will be eligible to work at home (“telework”) or utilize satellite offices

Customer-Centric Approach

- Abolished sales targets for financial products (Apr. ‘17~)

- Principles for Customer-Oriented Business Conduct (Jun. ‘17~)

- Asset management products lineup for medium- to long-term asset formation

- Average period of investment trust holdings*1
RB: 4.9 years (as of Sep. ‘19)

	RB	Major banks	Regional banks
Mar. ‘19	4.6 years	4.1 years	3.5 years
Mar. ‘18	3.6 years	2.4 years	2.5 years

*1. Calculated based on average balance of investment trusts and amount of investment trusts surrendered or redeemed (FSA, 9 major banks and 20 regional banks)

Resona as a Bank of Choice for Customers

Resona group banks ranked 1st, 2nd and 5th on Nikkei's survey on Banks' Retail Capability 2019

- Attracted customer support thanks to superior consulting capabilities in asset formation, etc.

[6-year trend of high-ranking banks]

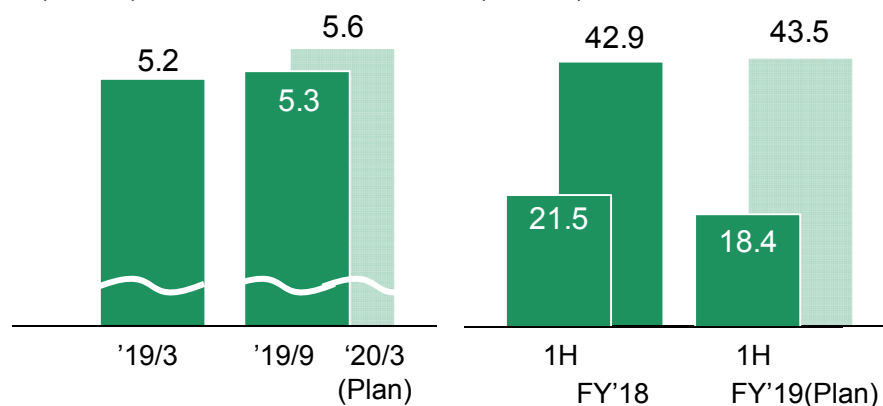
	10 th (2014) (Out of 117 banks surveyed) Sep. 28, '14*1	11 th (2015) (Out of 117 banks surveyed) Oct. 4, '15*1	12 th (2016) (Out of 117 banks surveyed) Oct. 2, '16*1	13 th (2017) (Out of 117 banks surveyed) Sep. 24, '17*1	14 th (2018) (Out of 116 banks surveyed) Oct. 14, '18*1	15 th (2019) (Out of 114 banks surveyed) Sep. 29, '19*1
1 st	Resona	Shinsei	SMBC	SMTB	Aeon	Saitama Resona
2 nd	Nishi-nippon City	SMBC	Resona	Yokohama	SMBC	Resona
3 rd	SMTB	Aeon	Senshu Ikeda	Mizuho	Senshu Ikeda	Mizuho
4 th	SMBC	Suruga	Saitama Resona	MUTB	Saitama Resona	Senshu Ikeda
5 th	Mizuho	Mizuho	Yokohama	BTMU	Iyo	Kansai Mirai
6 th	BTMU	Saitama Resona	Mizuho	Saitama Resona	MUTB	Suruga
7 th	Chiba	Hiroshima	Suruga	Joyo	Nishi-nippon City	Shiga
8 th	MUTB	Resona	MUTB	Nishi-nippon City	SMTB	SMBC
9 th	Iyo	Kinki Osaka	SMTB	Gunma	Japan Post	SMTB
10 th	Yokohama	Joyo	Chiba, Shinsei	Suruga	Suruga	Shinsei

*1. Reported day on Nikkei Veritas

Progress of Key Business and FY2019 Plan

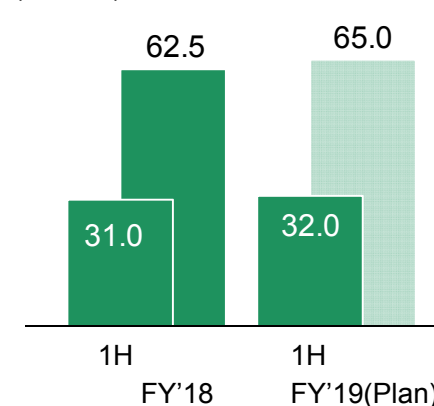
Asset formation support business

Balance of asset formation support products sold to individuals (JPY tn)
Income from asset formation support (JPY bn)



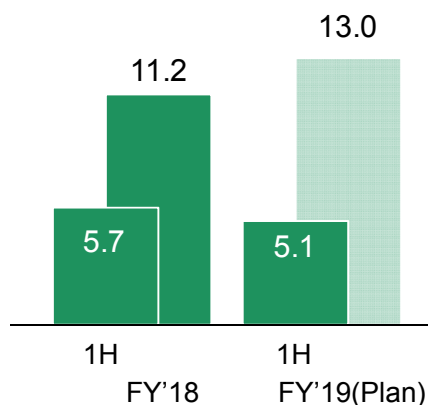
Settlement business

Settlement-related income (JPY bn)



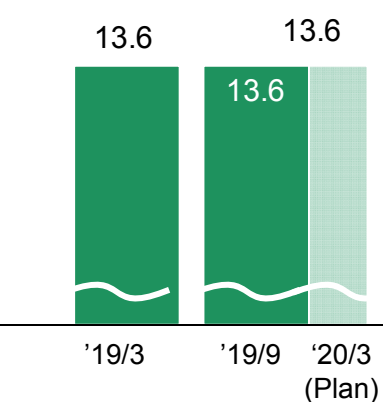
Succession business

Succession-related income (JPY bn)

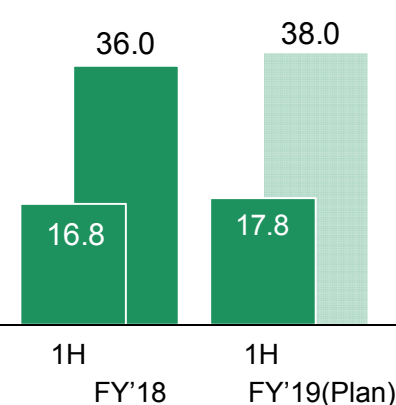


SME business / International business

Balance of loans to SMEs (JPY tn)

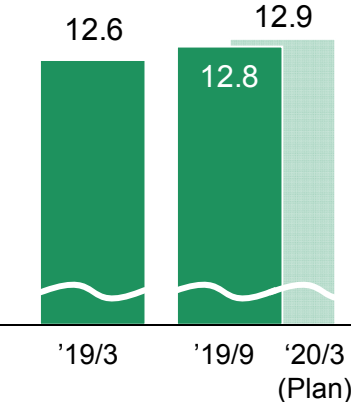


Solution / international business income (JPY bn)



Individual loan business

Balance of residential housing loans (JPY tn)

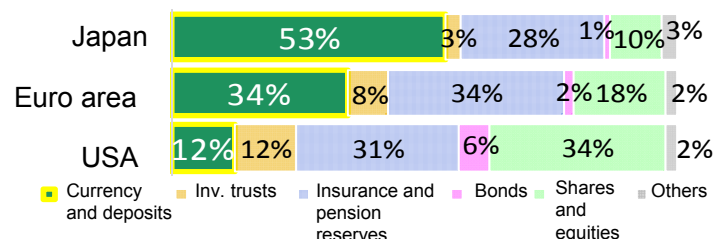


Asset Formation Support Business

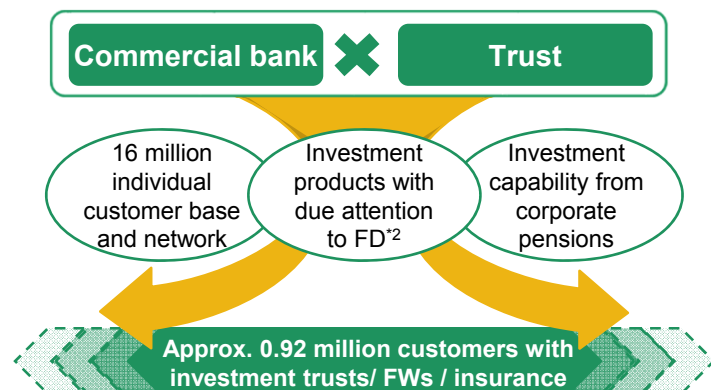
Help customers to “shift from savings to asset formation” in an aging society

- Increasing asset management needs in “Era of 100-year-life expectancy”
- Tax measures to support asset formation (iDeCo, NISA)

[Proportion of financial assets*1]



- Strength as a largest commercial banking group in Japan with full-line trust capabilities



- Highly specialized consulting

- FP 1st grade: Approx. 1,200
- FP 2nd grade: Approx. 13,000

- Consolidation of Asset Management Functions into RAM (Jan. '20~)

- Total assets under management: Sep. '19 Approx. JPY2.6 tn*3
⇒ JPY18 tn*4 at the time of consolidation
- Net assets managed by RAM grew steadily every month
➢ Of 83 companies, only 10 companies achieved constant growth in net assets every month during 1H of FY'19
⇒ RAM ranked 3rd among that 10 companies*5

Apply investment know-how from corporate pensions expertise to retail customers

Strengthen investment capability

Increase profit opportunities

Secure higher efficiency while developing human resources

Establish a robust system for managing conflicts of interest

High degree of affinity with bank customers

- ◇ Fund Wrap (Feb. '17~):
Balance as of Sep. '19 Approx. JPY380.0 bn
- ◇ Mitsuboshi Flight (Jan. '19~): Over 100 billion yen in total
 - The bank provides minimum guarantee (95% of principal)

- Long-term asset formation support taking advantage of tax benefits

- iDeCo: Number of customers Sep. '19 109 thousands (+23%, YoY)
- NISA : Account holders Sep. '19 0.35 million (+11%, YoY)

- Mirai E-us Project

- SDG-related investment trust products donating a part of the profits
① Mirai Education ② Mirai Medical ③ Nihon no Mirai

*1. “Flow of Funds: Overview of Japan, the United States and the Euro Area,” Bank of Japan Research and Statistics Dept. of net assets managed by RAM and Investment advice/ discretion *4. 'Estimate based on a balance at the end of Sep. 2019 value of the net assets (Apr. – Sep., '19), prepared by RB based on data from The Investment Trusts Association

*2. Fiduciary duties *3. Simple summation

*5. Publicly offered investment trusts fair

Outline of Resona Fund Wrap

Core products meeting customer needs for long-term asset formation

- Feb. '17~: Balance as of Sep. 30, '19 Approx. JPY380.0 bn
- Operation course according to customer's request

Standard course JPY3 million~, index fund investment

Premium course JPY5 million~. mainly active fund investment

- Welcome Plan: JPY300,000 minimum (Jun. '18~)
 - Fees only incurred for success*1
 - 25% of fund wrap accounts reached the profit-lock-in point (as of Oct. 31, '19)
- Periodic receipt service meeting customer needs for spending (May '19~)

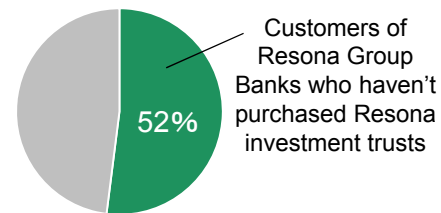
Cost competitive

⇒ Lowest level of investment advisory fees in the industry

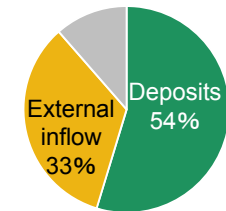
Offer to customers of KMB (Oct. '19~) and MB (2H FY'20~)

Shift from savings to asset formation

[FW customer attributes]



[Anticipated source of new FW contracts]



Achieves relatively stable performance

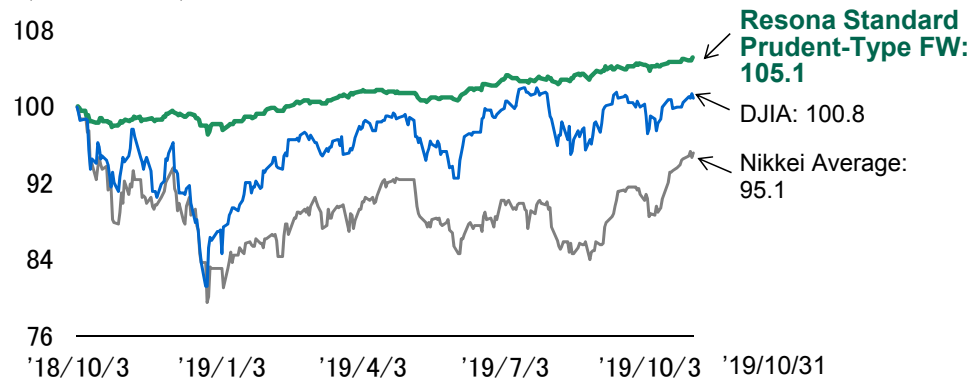
[Ratio of customers who enjoyed investment returns (as of Mar. 31, '19)]

Resona	Company A	Company B	Company C	Company D	Company E
85%	45%	45%	54%	74%	83%

99% as of Oct. 31, '19

[FW NAV / Japan and U.S. stock prices]

(2018/10/3=100)



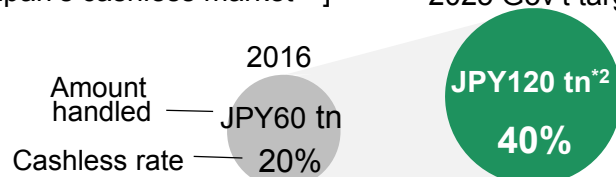
*1 Investment advisory fees consist only of success-based fees determined in accordance with performance. Regardless of the existence or absence of excess returns, customers are asked to indirectly bear trust fees and other expenses associated with investment trusts designed solely for the fund wraps in which they invest.

Settlement Business

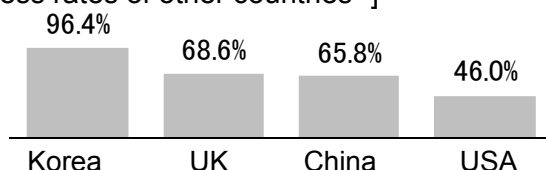
Support to improve customers' convenience and productivity in the expanding cashless market

■ Cashless market to expand

[Japan's cashless market *1] 2025 Gov't target



[Cashless rates of other countries*3]



■ A tailwind of return measures to be executed along with consumption tax hikes

- No. of subscribing stores grew to 930,000*4
- Ratio of QR code-settlement rose threefold*5 after tax hikes
- 4 Resona Group companies registered as settlement operators

	RB	SR	RCD	RKS
Type A*6	○	○	○	—
Type B*6	○	○	○	○

- SME merchants: Receive subsidies equivalent to 1/3 of merchant fees and 2/3 of cost for installing dedicated terminals* *Resona provides free of charge
- Consumers: Receive 5% returns at SME stores and 2% returns at franchised stores

■ Provide corporate customers with IT solutions

-Multiple proposals based on business processes-

- Resona cashless platform (RCP)
 - Provide acquiring services by the bank itself
 - Approx. 600 corporations, 11,000 stores planning to install (FY'19 target: 1,000 corporations, 20,000 stores)
 - Future initiatives: All KMB branches to handle (2H FY'19)
 - Build B2B platform
 - Utilize settlement data
- Business debit card
 - Streamline expenses and procurement operations
 - Number issued: Approx. 30,000



■ Provide individual customers with more valuable and convenient services

- Debit card
 - Standard with new accounts
 - Number issued: Approx. 1.70 million
 - Usage amount: 1.4 times increase (YoY)
 - All KMB's branches started to handle (Oct. '19~)
- Resona wallet app
 - Mobile settlement, coupons, change savings with a single App
 - 350,000 downloads (Sep. '19)



*1. Prepared by Resona HD based on documents issued by the Ministry of Economy, Trade and Industry (METI) *2. Assuming private consumption to stay at the 2016 level, based on data publicized by METI *3. Data publicized by Payments Japan Association *4. As of Nov. 12, 2019, based on data publicized by METI

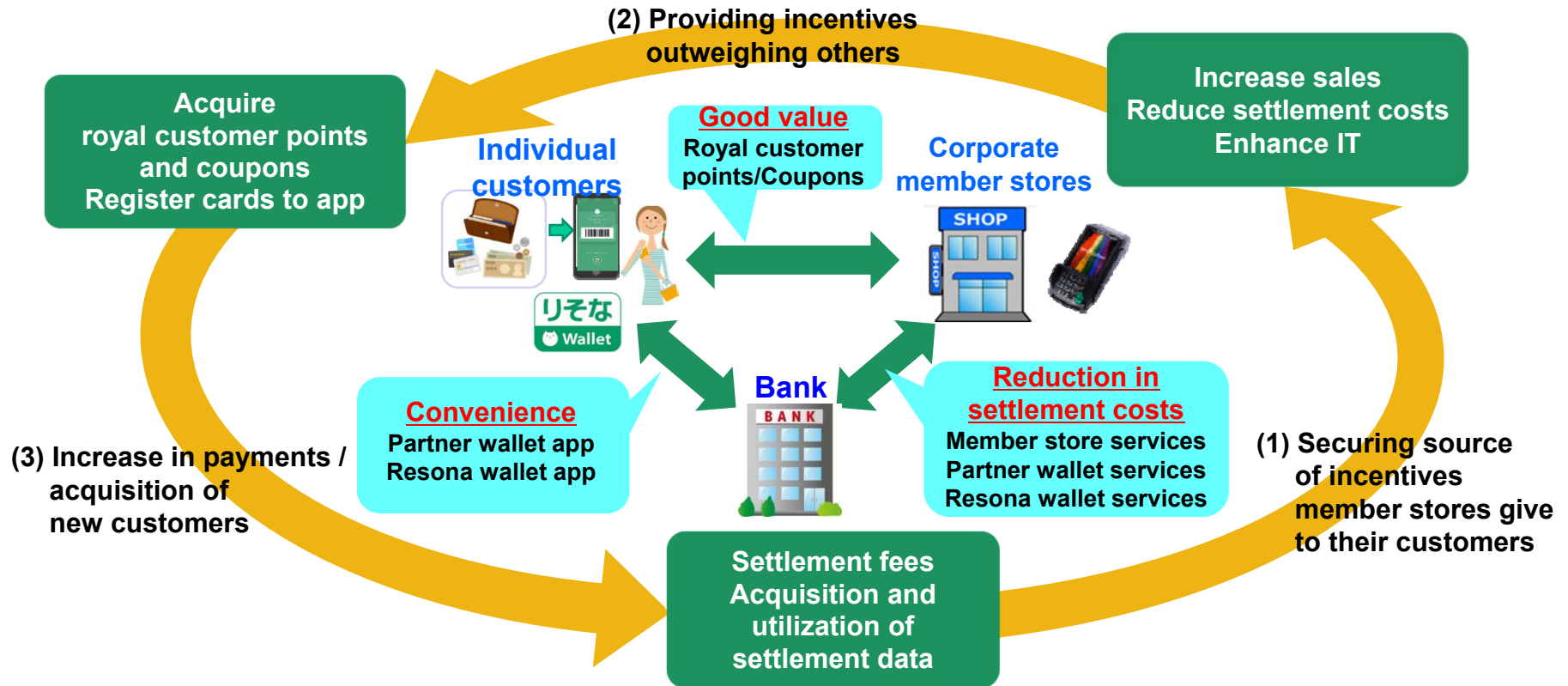
*5. Based on comparison between ratios of cashless settlement methods used as of Mar. and Oct. 2019, based on a survey conducted by Infcurion Group, Inc.

*6. Type-A Settlement Operators (extending settlement services for consumers and point programs, etc.);

Type-B Settlement Operators (extending settlement services for SMEs)

Outline of Resona Cashless Platform

Promote cashless = Reduce social cost and improve corporate customers' productivity



[Customers' reasons for adopting RCP]

- Reduced settlement cost
- More efficient cash register operations employing an all-in-one terminal
- Powerful sales promotion effect (provide incentives)
- Merchant stores can opt to receive cash as frequently as every business day

[Examples of businesses utilizing RCP]

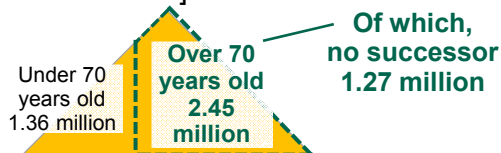
- Restaurants, car dealers, etc.
- Defining factors: a reasonable cost for introducing highly functional terminals and expectation for a positive sales effect arising from the provision of partner wallet services under the merchant's own labels

Succession Business

Support smooth asset and business succession in an aging society

■ Aging of SMEs owners

[Estimates as of 2025*1]



- Revision of Small and Medium-sized Enterprises Business Enhancement Act. etc. (2018)
 - Added support for business succession through M&A

■ Social issues due to aging

- Increasing senile dementia*2
 - '12: 4.62 million ⇒ '25: 7 million (estimate)
- Fraud targeting the elderly is on the rise*3
 - '17: 13,196 (+42%, compare with '13)

Strength of retail focusing commercial bank with full-line trust capabilities

Aging society: Increasing succession needs

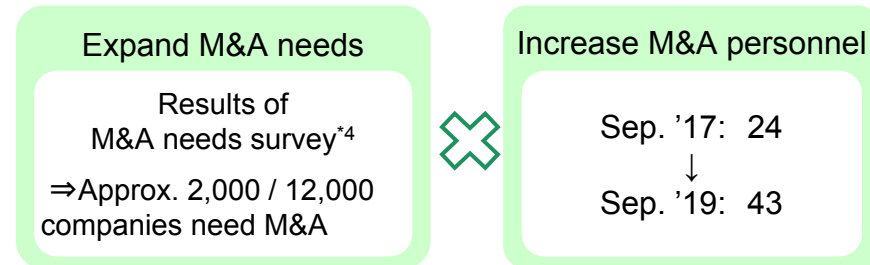
- Succession
- Increasing dementia, fraud damage and conflicts

Function/services, network and customer base of commercial bank



Full-line trust capabilities (Real estate, trust)

■ Expansion of opportunities to provide M&A solutions for SMEs



■ Supporting diverse needs of individual customers

Property management

- ◇ Asset succession trusts
 - *My Trust* (tailor-made-type)
1H FY'19: 339*5 (+377%, YoY)
 - *Heart Trust* (package-type)
1H FY'19: 705*5 (+31%, YoY)



Asset utilization

- ◇ FW periodic receipt service
- ◇ Reverse mortgage
 - *Anshin Kakumei*

Asset succession

- ◇ Will trusts 1H FY'19 1,347*5 (+11%, YoY)
[multifaceted transactions with new will trusts]
Insurance (balance) +62% (1 year after contracts)
Inv. trusts, FW (balance) +13% (1 year after contracts)
- ◇ Non face-to-face bestowal assistance service
 - *Mago Hako*

*1. Age of SME and small business owners, The Small and Medium Enterprise Agency *2. Ministry of Health, Labor and Welfare

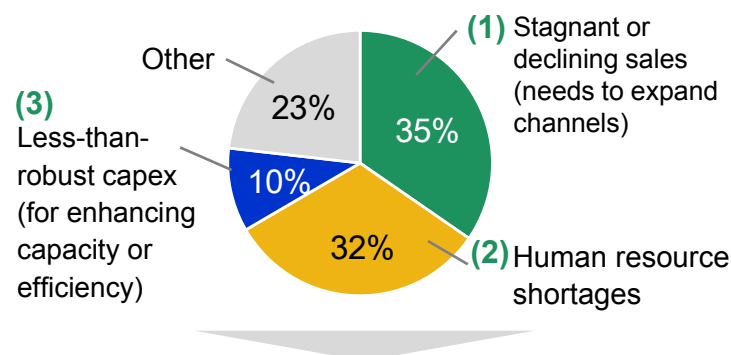
*3. Number of cases, based on *White paper on crime* *4. Results of M&A needs survey of RB corporate customers (1H FY'19)

*5. Number of new usage

SME Business

Provide solutions with customers to solve various business challenges

■ Business challenges for SME customers*1

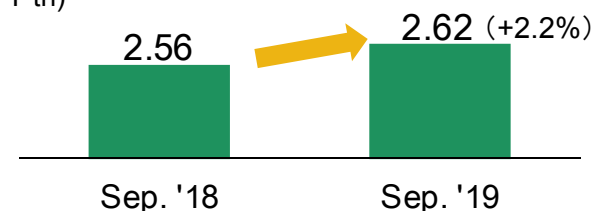


Solutions	Business challenges		
	(1)	(2)	(3)
Business matching			
Corporate customers: 500,000 Of which, 60,000 customers have chosen us their main bank	○	○	○
Capex-related loans	○	○	○
Solutions for pension systems		○	
Solutions for real estate			○
Assistance to achieve SDGs	○	○	○
Assist overseas operations	○	○	○
IT solution	○	○	○

■ Solutions for various business challenges

- Business matching 1H FY'19: Approx.10,000
 - Expanded to 5 business plazas (Oct. '19 Kobe, Biwako)
- Capex-related loans

(JPY tn)



- Solution for pension systems
 - Approx. 80% of SMEs have no pension systems*2
 - Number of DC customers +10%, YoY
 - iDeCo+*3 Our share in terms of No. of those enrolled: Approx. 30%
- Solution for real estate
 - CRE consulting
 - Proposals 1H FY'19 Approx.180 (1.3 times, YoY)
 - Brokerage fee 1H FY'19 Approx. JPY0.8 bn (1.9 times, YoY)
- Investment via funds
 - Venture funds, special-purpose funds and buy-out funds
 - 55 funds in operation as of Sep. 30, '19 (RB and RVC)
- Assist SMEs in their efforts to achieve SDGs
 - SDGs Consulting Fund
 - Sep. '18- Sep. '19 JPY 26.7 bn (165 projects)
 - Private placement SDGs promotion bonds
 - Dec. '17- Sep. '19 JPY 209.5 bn (1,897 projects)

*1. Prepared by Resona HD based on Japan Finance Corporation's Nationwide Survey Results with Regard to the Status of SMEs

*2. 2018 General Survey on Working Conditions conducted by Ministry of Health, Labour and Welfare

*3. Contribution plans for SMEs under mutual aid schemes (May '18~)

International Business

Covering the Asia and US via overseas bases and partner banks

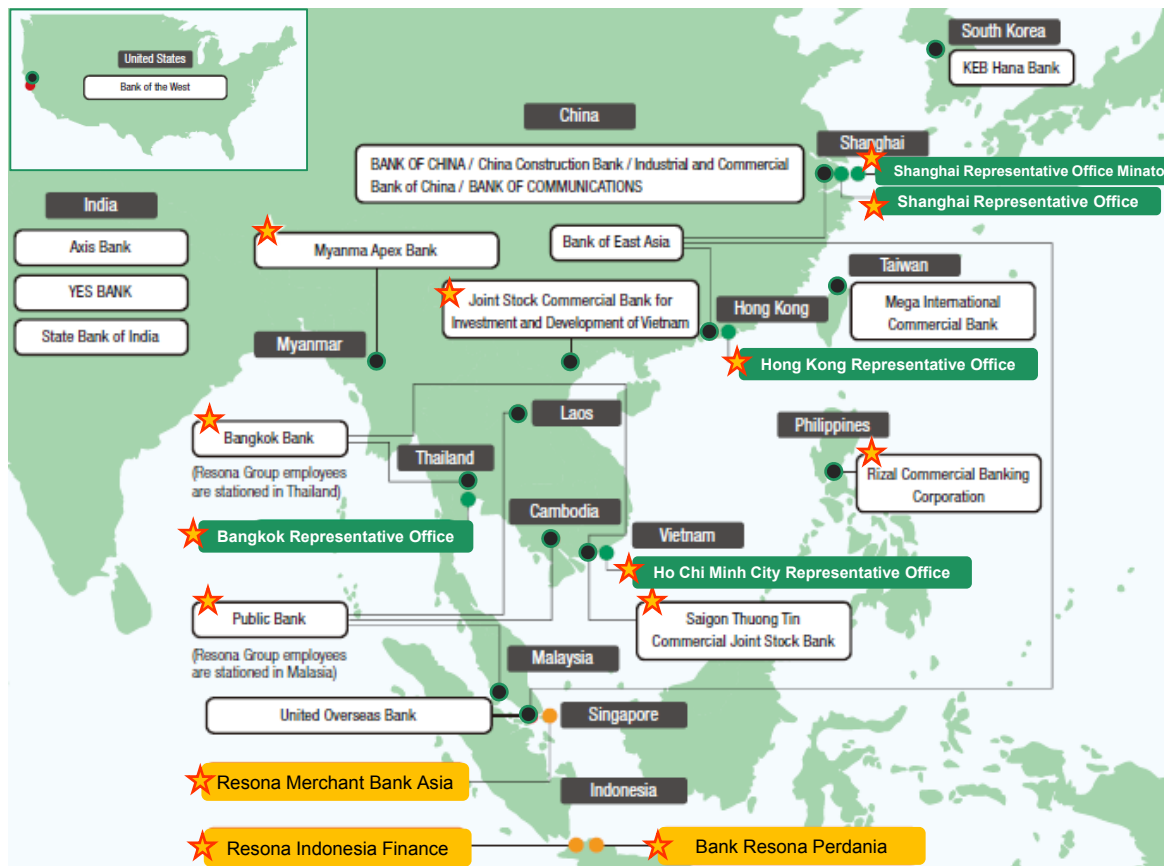
■ Station Japanese-speaking Resona staff in 14 locations to provide meticulous services

- Dispatch Resona staff to BIDV (Hanoi) (Oct. '19~)

■ No. of consultation cases concerning overseas expansion remains robust at approximately 1,800 annually

■ Provide solutions via local subsidiaries

- Bank Resona Perdania (Indonesia)
 - Jul. '19
Bank of Yokohama (30%) and Daido Life (14.9%) acquired stock
 - Sep. '19
Hosted an exchange meeting in which customers of both companies interacted
- Resona Merchant Bank Asia (Singapore)
 - Aug. '19 JPY10.0 bn capital increase

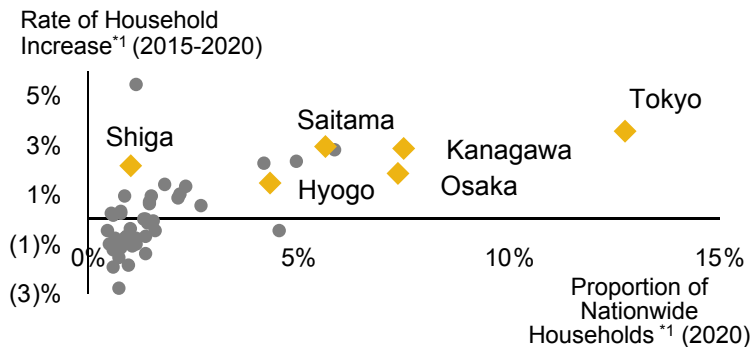


- Overseas representative offices
- Resona Merchant Bank Asia
Bank Resona Perdania
(joint venture in Indonesia)
Resona Indonesia Finance
- Partner banks, etc.
- ★ Offices with Resona Group employees

Individual Loan Business

Providing solutions that meet customer needs

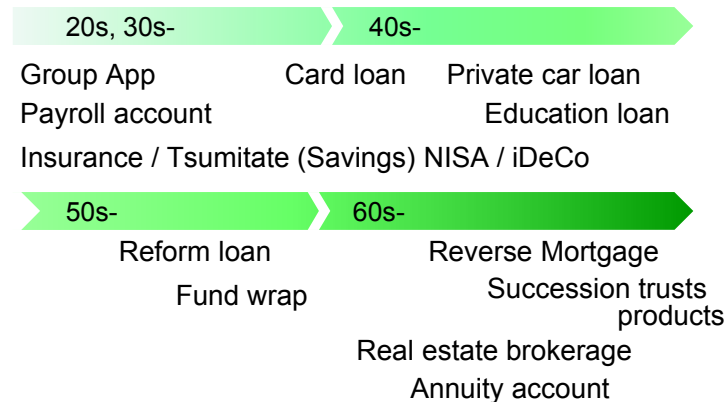
■ Resona's franchise advantage



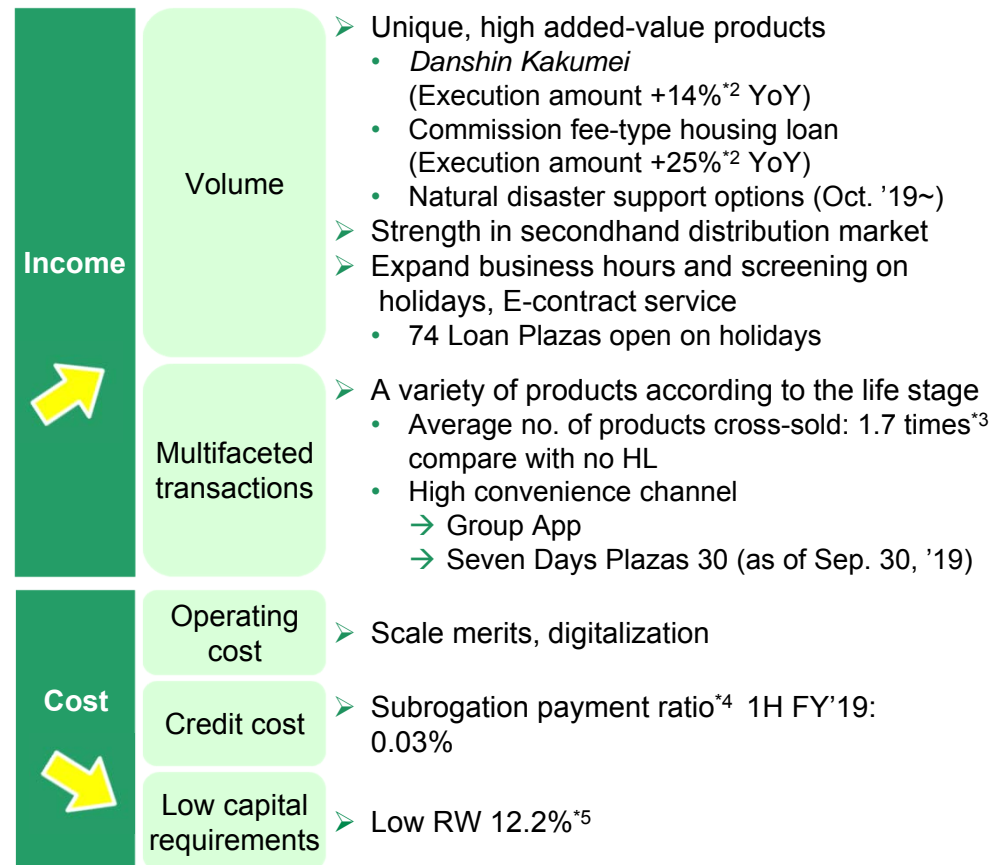
■ Housing acquisition support measures after consumption tax increase

■ Life long multifaceted transactions with residential housing loans customers

- Existing customers: 0.7 million
- New customers: 45 thousands/year



■ Maintain, raise profitability



■ Outstanding balance of purpose-oriented loans increased steadily

- Private car loans: Balance as of Sep. 30, '19: JPY38.3 bn (+22%, YoY)
- Education loans: Balance as of Sep. 30, '19: JPY40.7 bn (+3.1% YoY)

*1. National Institute of Population and Social Security Research *2. RB+SR *3. Comparison with potential II and III customers

*4. Subrogation ratio x (1 - collection rate after subrogation), residential housing loan + apartment loan

*5. RB as of Sep 30, '19, residential real estate, non-default

Outline of Business Results for 1H of FY2019 and Updates on Major Businesses

Efforts to Business Challenges for Sustainable Growth

Direction of Capital Management

Reference Material

Direction of Capital Management

Equal-weight allocation policy among (1) investment for future growth,
(2) higher capital adequacy and (3) enlargement of shareholder return

CAR Target

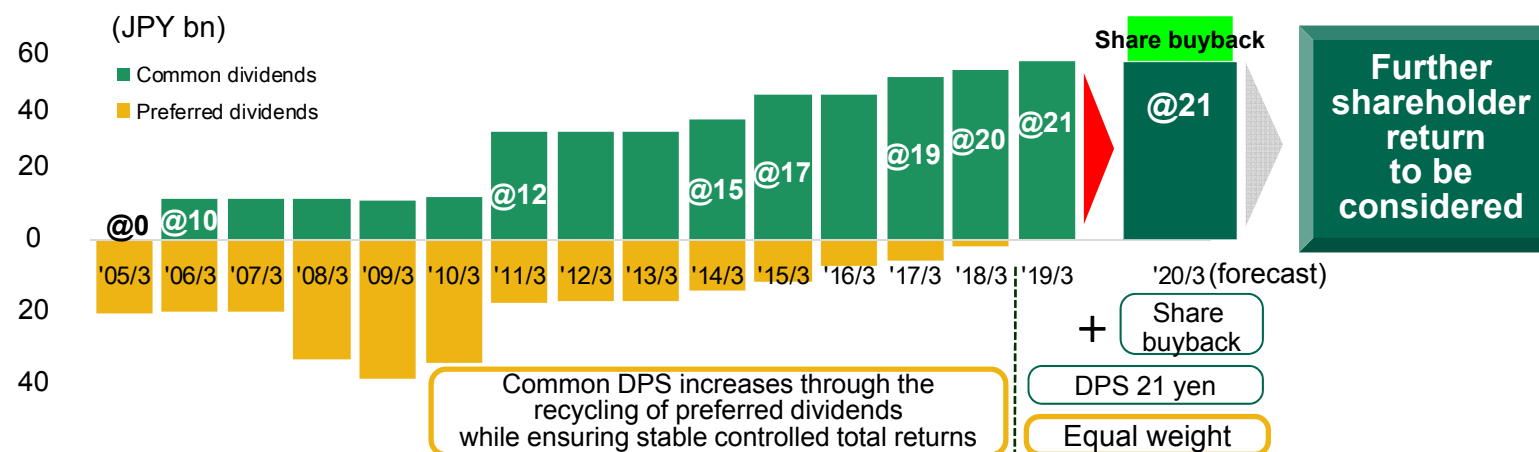
- Achieved the CET1 ratio target of 9%*¹ set for March 2020 in the MMP one year earlier
 - CET1 ratio as of September 30, '19: 10.27%
 - Coping with the finalized Basel 3 (SA and capital floor revisions) utilizing the time horizon until full-scale implementation

ROE target

- Maintain ROE*² above 10%
 - 1H FY'19 (Act): 9.12%

Shareholder return policy

- Making efforts to further expand returns to shareholders while maintaining stable dividends based on our equal-weight allocation policy
 - FY'18 (Act): Common DPS of 21 yen per annum (+1 yen increase from previous year)
To be paid as forecasted at beginning of the year though business results fell short of the guidance
 - FY'19 : (1) Continue common DPS of 21 yen per annum (Forecast), and (2) share buyback of JPY10.0 bn (21.7 million shares, 0.93% of the total number of shares issued during the period from May 13 to Jun. 12, 2019)
 - JPY10.0 bn size share buyback partially funded with resources in excess of “equal-weight” allocation limit
 - Forecasted total payout ratio for FY'19*³: 36.4%



*1. Excludes unrealized gain on available-for-sale securities, net of tax effect

*2. (Net income attributable to owners of parent x 365/183) / (Total shareholders equity) (simple sum of the balance at the beginning and the end of the term)

*3. Forecasted total shareholder return ratio based on the consolidated net income guidance (JPY160.0 bn) for FY'19

Outline of Business Results for 1H of FY2019 and Updates on Major Businesses

Efforts to Business Challenges for Sustainable Growth

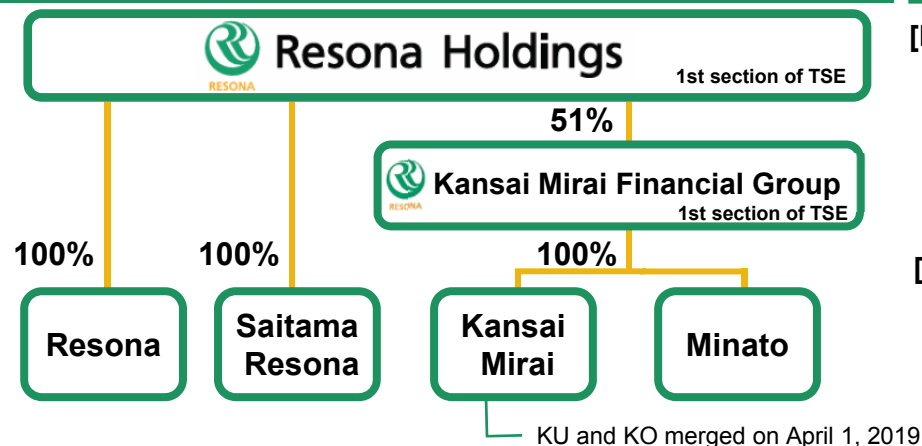
Direction of Capital Management

Reference Material

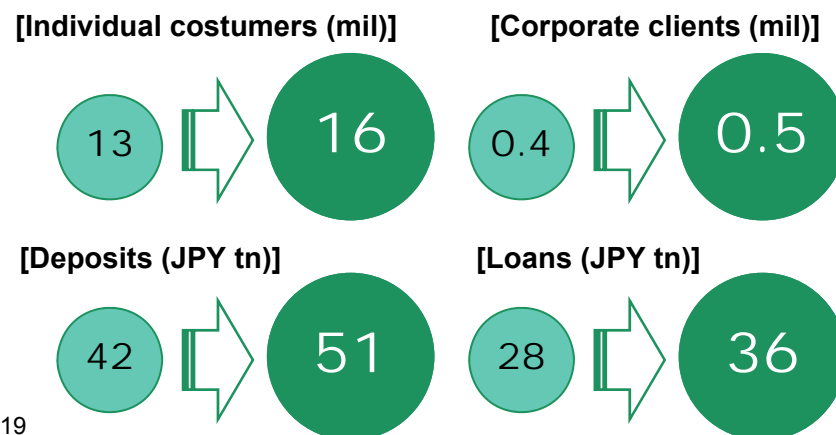
Resona Group at a Glance

- Resona focuses management resources on Tokyo and Kansai metropolitan areas and retail banking business
- Resona Group is the largest retail-focused bank with full-line trust capabilities in Japan with a well-established customer base especially in Kansai Region due to creation of KMFG

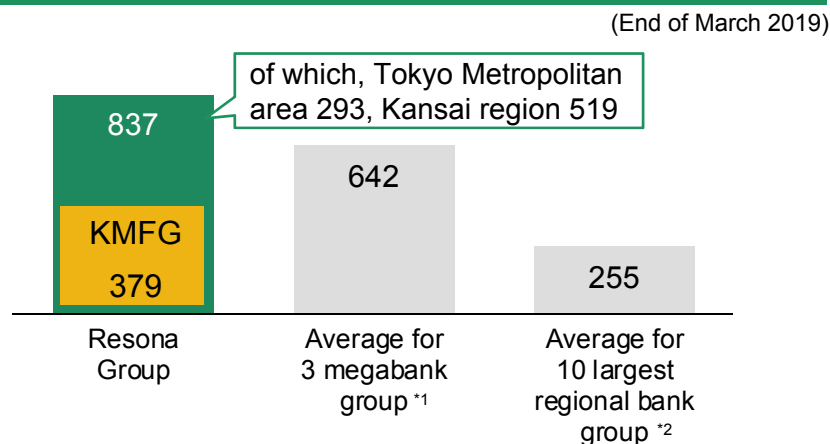
Corporate Structure



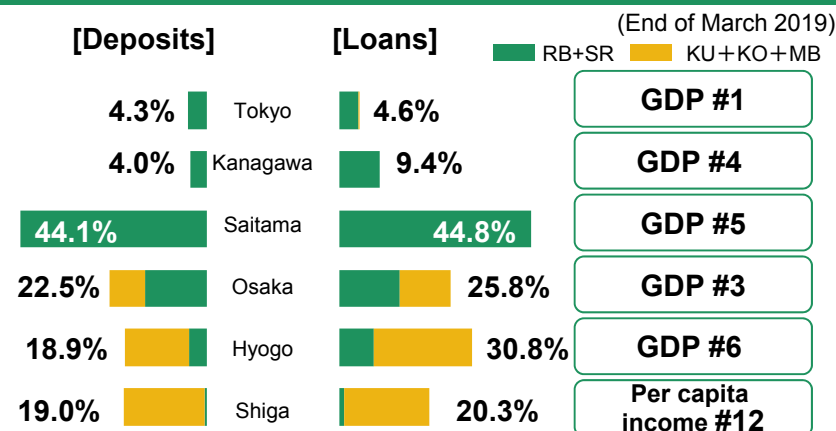
Customer Base and Business Scale



Number of Manned Branch Office



Market Share^{*3}



^{*1} Megabank groups: MUFG BK+ MUTB, Mizuho BK+ Mizuho Trust, SMBC + SMBCTB, FY'18 Financial Statements.

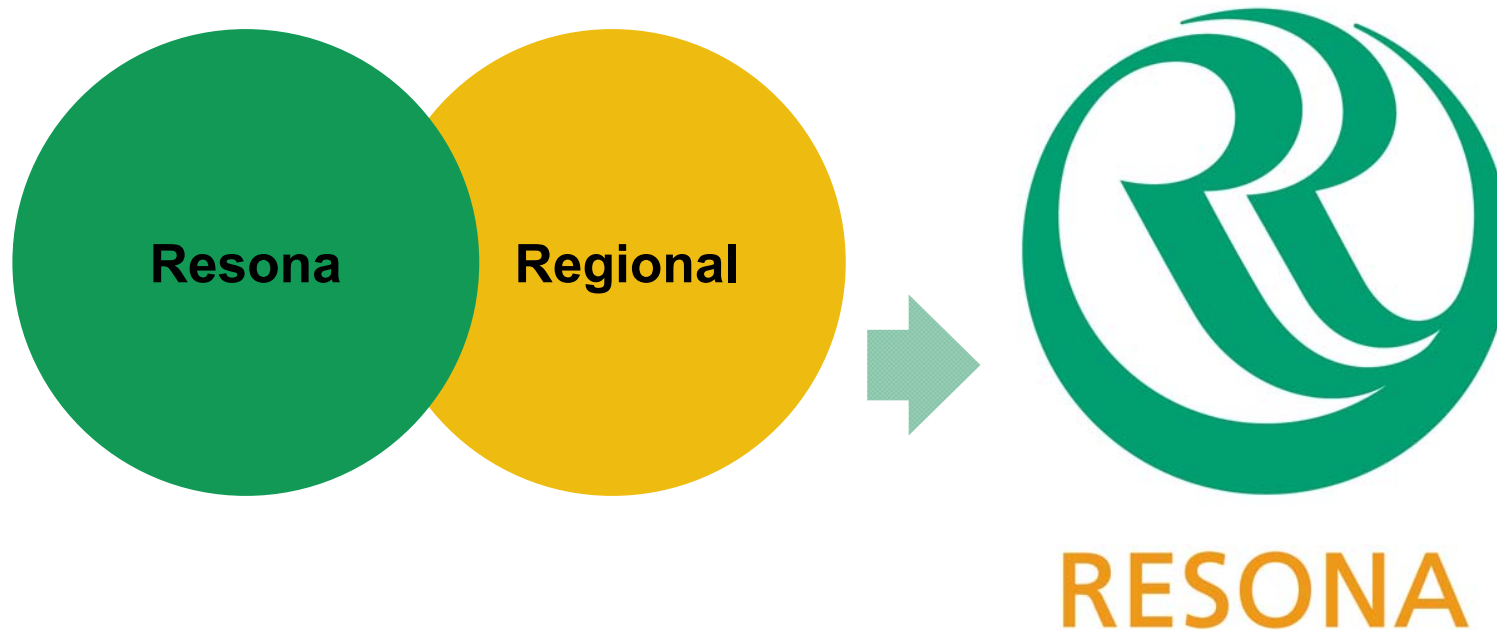
^{*2} 10 largest regional bank groups by consolidated assets (Fukuoka FG, Concordia FG, Meibuki FG, Chiba, Hokuohoku FG, Shizuoka, Nishinippon FH, Kyushu FG, Yamaguchi FG, Hachijuni), FY'18 Financial Statements

^{*3} Total of group banks, market share based on deposits, and loans and bills discounted by prefecture (domestically licensed banks from BOJ)

Resona Group's Brand Identity

The Resona Group's corporate name is derived from the Latin word (*resonus*) meaning "resonate" or "resound" in English

We attach great importance to customers' voice. By adopting the corporate name Resona, we want to express our desire to build stronger ties with communities and customers by "resonating" or "resounding" with them.



- Group Logo expresses the resonance between the "R" in Resona and the "R" in the Group's key word "Regional."

- Two "Rs" inside a perfect circle express a sense of security and trust.
- Green suggests "gentleness" and "transparency" and orange creates a sense of "familiarity" and "warmth."

Resona's Challenges Attracting Attentions from Outside

Resona's challenges towards "Retail No.1" are highly evaluated by various institutions

Resona Group App Good Design Award 2018

Rated highly for outstanding design and user-friendliness



GOOD DESIGN AWARD
2018 Prize Winning

Principles for Financial Action for the 21st Century Winning the Minister of the Environment Award

Highly evaluated thanks to our initiatives to develop and popularize products aimed at facilitating the pursuit of SDGs



Winning Awards to Commend Leading Companies of Diversity

- The Prie minister Award (SR)
- Ranked #2 in "100 Best Companies Where Women Play Active Part" 2019*1 (HD)
- A "Vibrant Workplace Award" under the 2nd round of the Osaka Prefectural award program for gender equality (RB)



Resona adopted by 4 index of GPIF's selected 4 ESG index (domestic stock)

- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Select Index
- S&P/JPX Carbon Efficient Index Series

Won R&I Fund Award 2019 and 17th MERCER MPA Award (Japan) 2019

Superior performance of the Japanese concentrated stock fund was highly evaluated



Gomez IR Site Ranking 2018 Gold Prize

Easy to use, informative IR website



*1. Based on a Survey of Workplace Opportunities for Female Workers undertaken by *Nikkei Woman* magazine

Corporate Governance System

The first Japanese banking group which adopted a committee-based corporate governance structure in 2003 for management transparency and objectivity

Board of Directors	<ul style="list-style-type: none"> Majority of the Board members are independent outside directors 	Nominating Committee	<ul style="list-style-type: none"> Outside directors only Introduced succession plan in 2007 and ensure objectivity by drawing on the advice of outside consultants
	<div> <div>Independent 6</div> <div>Internal 5</div> </div> <ul style="list-style-type: none"> Elects chairperson of the Board after conducting an annual analysis and self-evaluation of the Board Free discussion sessions without internal directors are held adding to the board 	Compensation Committee	<ul style="list-style-type: none"> Outside directors only Abolished corporate performance based compensation, introduced Performance Share Unit Plan in 2017
		Audit Committee	<ul style="list-style-type: none"> Majority of outside directors Introduced double report line system in 2016

Area of expertise of outside directors

■ Corporate management ■ Finance ■ Law

Outside directors



Yoko Sanuki ■
Chairperson, Audit Committee
Attorney-at-law
(Representative of NS Law Office)



Mitsudo Urano ■
Chairperson, Compensation Committee
(Former Representative Director and Chairperson of Nichirei Corporation)



Tadamitsu Matsui ■
Chairperson, Nominating Committee
Member, Compensation Committee
Representative Director and President of MATSUI Office Corporation
(Former Representative Director and Chairperson of Ryohin Keikaku Co., Ltd.)



Hidehiko Sato ■
Member, Nominating Committee
Member, Audit Committee
Attorney-at-law (Hibiki Law Office)
(Former National Police Agency Commissioner)



Chiharu Baba ■ ■
Member, Audit Committee
(Former Deputy President of Mizuho Trust & Banking Co., Ltd.)



Kimie Iwata ■
Member, Nominating Committee
Member, Compensation Committee
(Former Deputy Director-General Human Resource Development Bureau Ministry of Labor, Former Director & Executive Vice President, Shiseido Co., Ltd.)

Internal directors



Kazuhiro Higashi
President and Representative Executive Officer



Shoichi Iwanaga
Representative Executive Officer



Satoshi Fukuoka
Representative Executive Officer



Masahiro Minami
Executive Officer



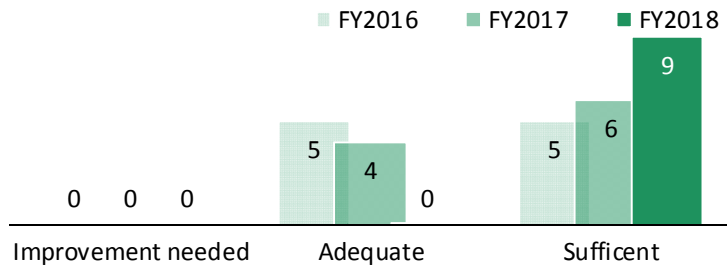
Kaoru Isono
Member, Audit Committee

Initiatives for Corporate Governance Evolution

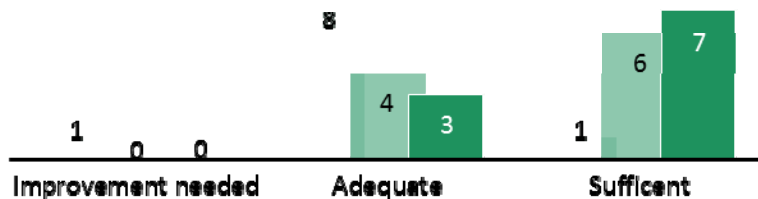
Self-evaluation of the board

- Improve effectiveness of Board of Directors meetings by revising operations, etc. through annual board evaluations

[Appropriateness of agenda proceedings*1]



[Constructive dialogue]



RB and SR transition to a company with audit committees system (Jun. 2019)

- Improve effectiveness of Board of Directors
- Enhance corporate governance framework

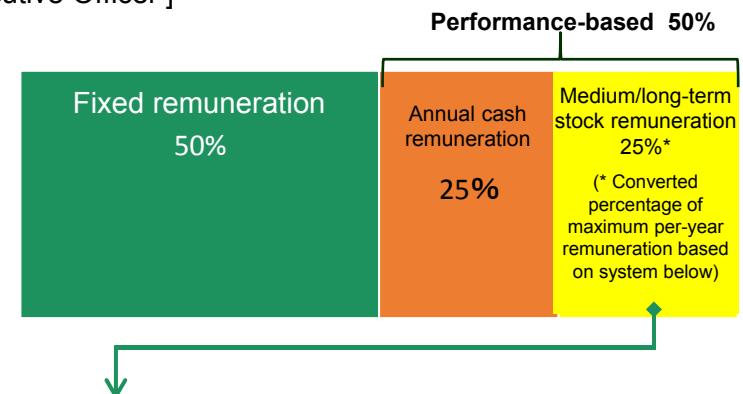
Glass-walled Executive room



Performance share unit plan (PSU)

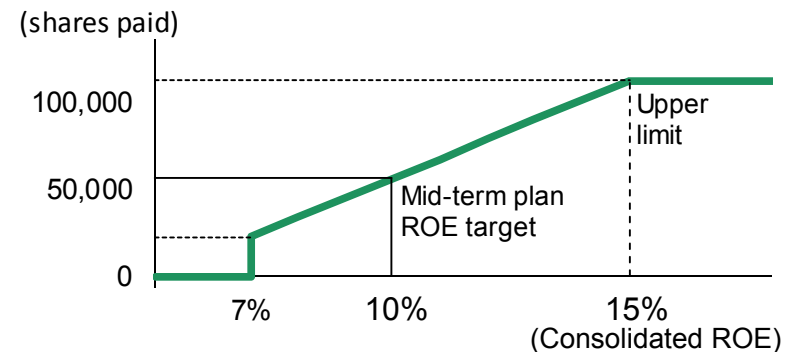
- Introduced in July 2017
- HD stock will be granted based on consolidated ROE for the final year of medium-term management plan

[Remuneration System for President and Representative Executive Officer]







[Remuneration System (3 Years' Worth)]

Consolidated ROE 15% (achievement rate of 150%) -> 112,500 shares (upper limit)
 Consolidated ROE 10% (achievement rate of 100%) -> 50% of above
 Consolidated ROE less than 7% -> Payment withheld



*1. Chairman of the Board has not participated in evaluation process from FY2018 onward

Commitments Towards Achieving the Sustainable Development Goals 2030 (Resona Sustainability Challenge 2030)

Theme	SDGs item	Commitment
Local Communities Revitalization of Local Economies	 All 17 goals	<ul style="list-style-type: none"> Realizing a sustainable society together with customers through constructive dialogue on the themes of environmental and social issues and other measures. Revitalizing local economies and creating livable communities through supporting the growth of companies, including nurturing of start-up companies, and the operational efficiency of social infrastructure. Increasing convenience in society and daily lives through the provision of innovative financial services accessible to all people at anytime and anywhere.
Low Birthrate and Aging Society Elimination of Anxiety Triggered by Low Birthrate and Aging Society		<ul style="list-style-type: none"> Improving customers' lifetime quality of life through the support for formation and succession of assets enabled by financial consulting and financial education to enhance financial literacy.
Environment Response to Global Warming and Climate Change		<ul style="list-style-type: none"> Realizing low-carbon and circular society by taking action with society to reduce environmental burden such as accelerating the use of renewable energy and reducing greenhouse gas emissions.
Human Rights Diversity & Inclusion		<ul style="list-style-type: none"> Creating a society in which all people respect human rights and diversity and can fulfill their potential while attaining work-life balance.

As concrete initiatives for the commitments, each of the companies in the Group will draw upon action plan, put it into practice, and report the progress to the public.

[FY2019 Action Plan] <https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/commitment/index.html>

Initiatives for TCFD (Task Force on Climate-Related Financial Disclosures)

Governance: Board of directors proactively pursue Resona Sustainability Challenge 2030 and step up climate change countermeasures



Reflect outcomes of multilateral discussions on risks and opportunities in Group strategies and risk management

- Impact on our largest asset class, loans
- Help corporate and individual customers mitigate and adapt to climate change through financial services

Minimize the risks	Loan initiatives	<ul style="list-style-type: none"> ■ Proactively engage with corporate customers who have yet to fully commit to environmental issues, encouraging them to step up their initiatives ■ Enforce general rule of abstaining from extending new loans to coal-fired thermal-generation projects 	
	Investment initiatives	<ul style="list-style-type: none"> ■ Incorporate an ESG-oriented viewpoint into investment decision-making process ■ Maintain constructive dialogue and engagement with investees ⇒ Discussion meetings to address palm oil issues (from 2016 onward) 	
Expand the opportunities	Conserving the environment through our products and services	[Individual customers]	[Corporate clients]
		<ul style="list-style-type: none"> ■ <i>Nihon-no-Mirai</i> (investment trust) ■ Environment-friendly housing loans ■ Will trusts specifying donation recipients 	<ul style="list-style-type: none"> ■ Various environment-friendly loans ■ SDGs Consulting Fund ■ Facilitate the formation of environment-friendly real estate

Winning the Minister of the Environment Award that is given only to businesses engaged in exemplary efforts



【CDP scores*1】

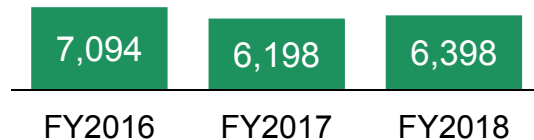
- **Resona HD B**
- Mizuho FG B-
- MUFG C
- SMFG C
- SMTH C

*1. CDP Report 2018

Initiatives for a Better Society

Community

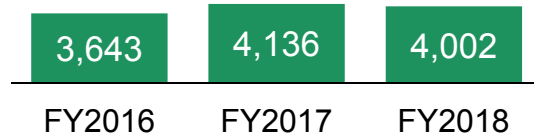
["Re: Heart Club" members]



- "Re: Heart Club" (Employee volunteer group) joined various community activities
- Supported regional revitalization through the Resona Group Regional Revitalization Council
- Privately-placed bonds with donations
 - '18/6~'19/5 CSR privately-placed bond (SDGs Support Fund): JPY92.3 bn
 - '19/5~ Private Placement SDGs Promotion bonds: JPY62.2 bn (1H FY'19)

Low Birthrate and Aging Society

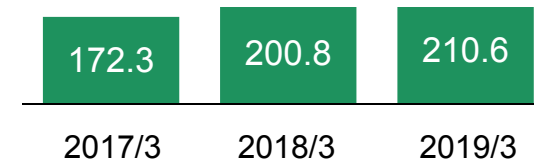
[Resona Kids' Money Academy participants *1]



- Regularly hosting "Resona Kids' Money Academy" (a financial and economic education activity for children) since 2005: Total of 40,000 participants
- Launched "Resona Teens' Money Academy" for junior high school students
- Organized career seminars for high-school students: 55 participants (held in Oct. '19)
- Resona Foundation for Future*2: Provided scholarships to a total of 180 students

Environment

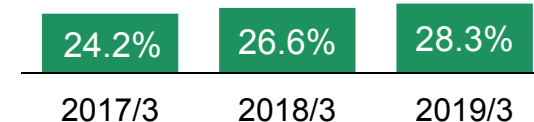
[Environment-friendly corporate loans(JPY bn)]



- Action to reduce environmental impact through eco-friendly products/services
- Reduced paper usage through digitalization
- Specify action on climate change and other societal issues as a component of our credit policy

Human Rights

[Proportion of female line managers *3]



- Maintained a "smart employee" system for three years as part of promoting flexible working styles
 - Ratio of female managers rose to 28.3%
- Resona Women's Council, an advisory body operating directly under management, made suggestions influencing various policies
- Promote male employees' participation into child care
 - Ratio of male employees' taking child care related leave: 100%(FY2018)

*1. Including "Mirai Kids' Money Academy" in FY2018

*2. Funded by Resona group

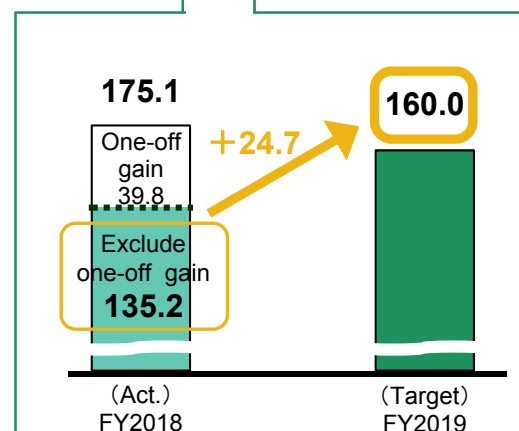
*3. RB+SR

Final Year's KPIs of MMP

KPIs	FY2018 (Act.)	KMFG Integration reflected* ¹ (FY2019)
Net income attributable to owners of parent	JPY175.1 bn	JPY170.0 bn
Consolidated fee income ratio	30.0%	Lower half of the 30% range
Consolidated cost income ratio	65.2%	60% level
ROE* ²	10.85%	Over 10%
CET1 ratio* ³	9.30%	9% level

[Earnings Target for FY2019]

JPY160.0 bn Down JPY10.0 bn from MMP target



■ Down JPY10.0 bn from MMP target

- Lower dependence on the Market division
- Downside risk for profitability reduced

■ Continued commitment to the income/cost structure reforms

*1. Adjustments to the current HD's medium-term management plan (MMP) announced in Apr. 2017 are made by combining the following (1) and (2)

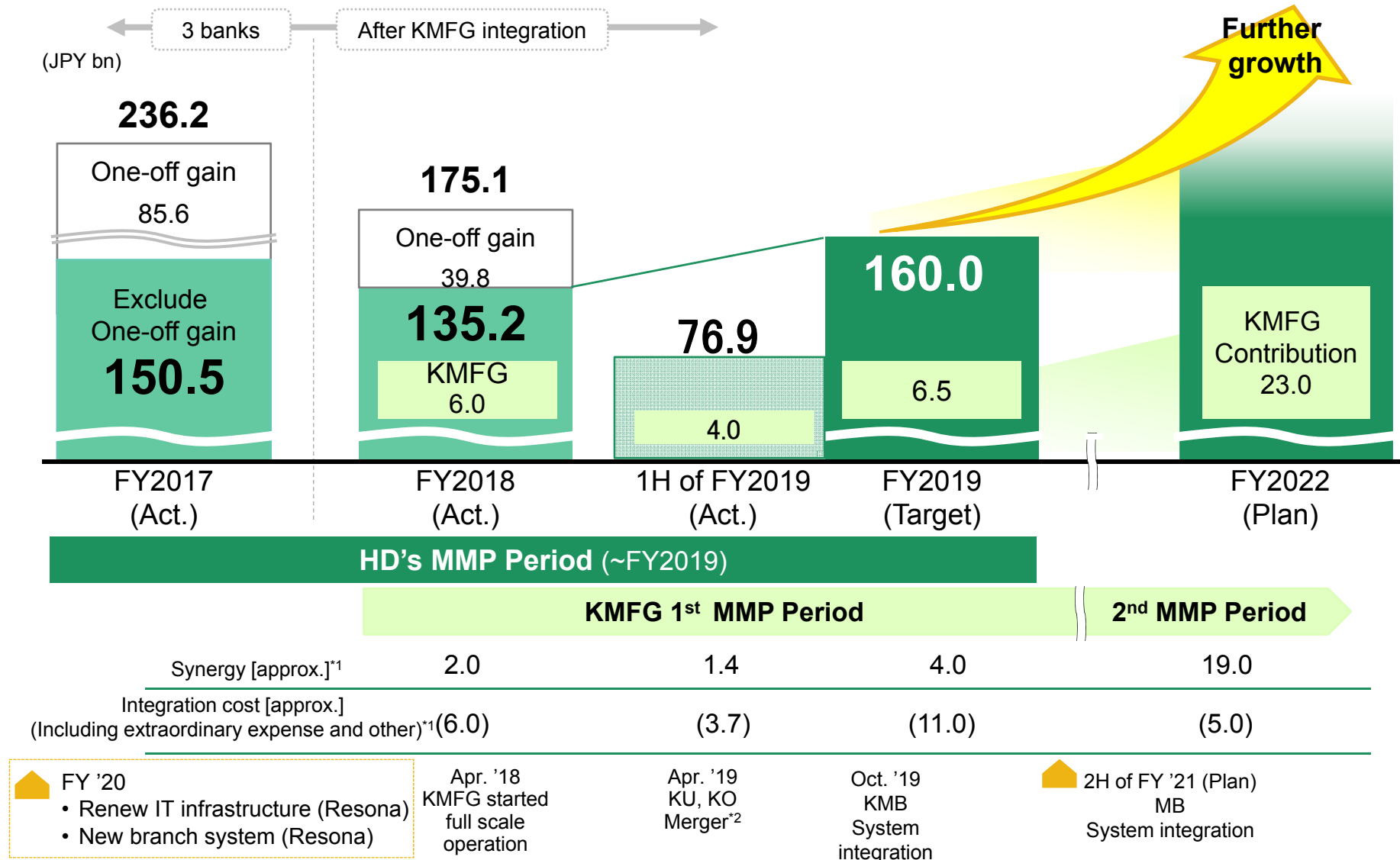
- (1) KPIs for the final year (FY2019) in the HD's MMP is adjusted to exclude KO's targets
- (2) KMFG's target for the second year (FY2019) in the KMFG's MMP

*2. Net income / Total shareholders equity

*3. Exclude unrealized gain on available-for-sale securities, net of tax effect

Envisage Stable Net Income

Achieve steady income growth through implementation of the income-cost structure reforms and enlargement of KMFG's income contribution



*1. Before consideration of HD's stake in KMFG (51%) *2. Merge to form Kansai Mirai Bank (KMB)

Overview of the KMFG's Mid-term Management Plan



Kansai Mirai Financial Group

New retail financial services model advancing together with the future of Kansai region

Goal

Banking group considered “absolutely essential” by customers

Position of the first mid-term management plan (FY2018-FY2020)

- ◆ Build strong corporation among 3 banks through the management integration
- ◆ Contribute to regional societies by strengthening face-to-face interactions with our customers
- ◆ Fully preparing for the planned merger and systems integration

Overview of the strategy

Basic strategies

- Contributing to development and invigoration of communities KMFG serves
 - Sharing distinctive strengths each bank has developed
 - Offering customers first-class financial services and solutions with one stop convenience
- Enhancing productivity and customer convenience at the same time
 - Sharing the know-how of operational reforms
 - Adopting unified clerical work process and IT platforms
- Raising profitability, efficiency and soundness as one of the largest regional financial groups in Japan
 - Potential of vibrant Kansai market
 - Scale merit advantage

Business strategies

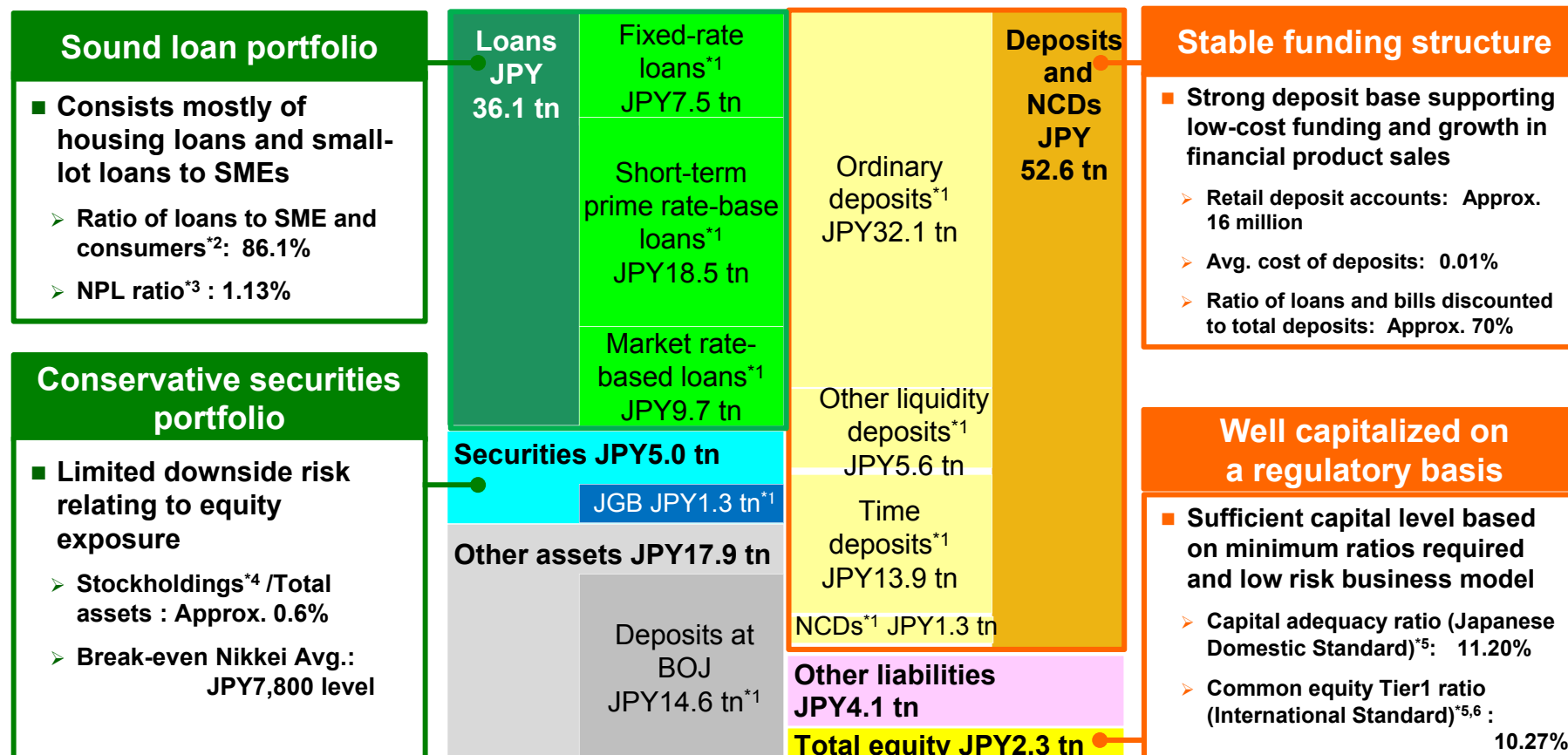
- | | |
|--------------------|---|
| Corporate strategy | <ul style="list-style-type: none"> • Expand loan volume • Strengthen consulting function |
| Personal strategy | <ul style="list-style-type: none"> • Differentiate services based on customer profile • Develop AUM business further |
| Loan strategy | <ul style="list-style-type: none"> • Strengthen housing loan • Strengthen apartment loan • Strengthen other consumer loans |

Primary KPIs

KPIs	FY2020	FY2022
(Consolidated) Net income	JPY29.0 bn	JPY45.0 bn
(Non-consolidated) Actual net operating profit	JPY52.0 bn	JPY70.0 bn
Loans and bills discounted	JPY9.8 tn	JPY10.5 tn
Deposits	JPY11.9 tn	JPY12.6 tn
Consolidated fee income ratio	Middle of the 20% range	Latter half of the 20% range
Consolidated cost income ratio	Latter half of the 60% range	60% level
ROE	Over 5%	8% level
Capital adequacy ratio	7% level	Over 7%

Resona HD Consolidated Balance Sheet (As of September 30, 2019)

Total assets JPY59.1 tn



*1. Total of group banks *2. Total of group banks including trust account *3. Total of group banks (Financial Reconstruction Act criteria)

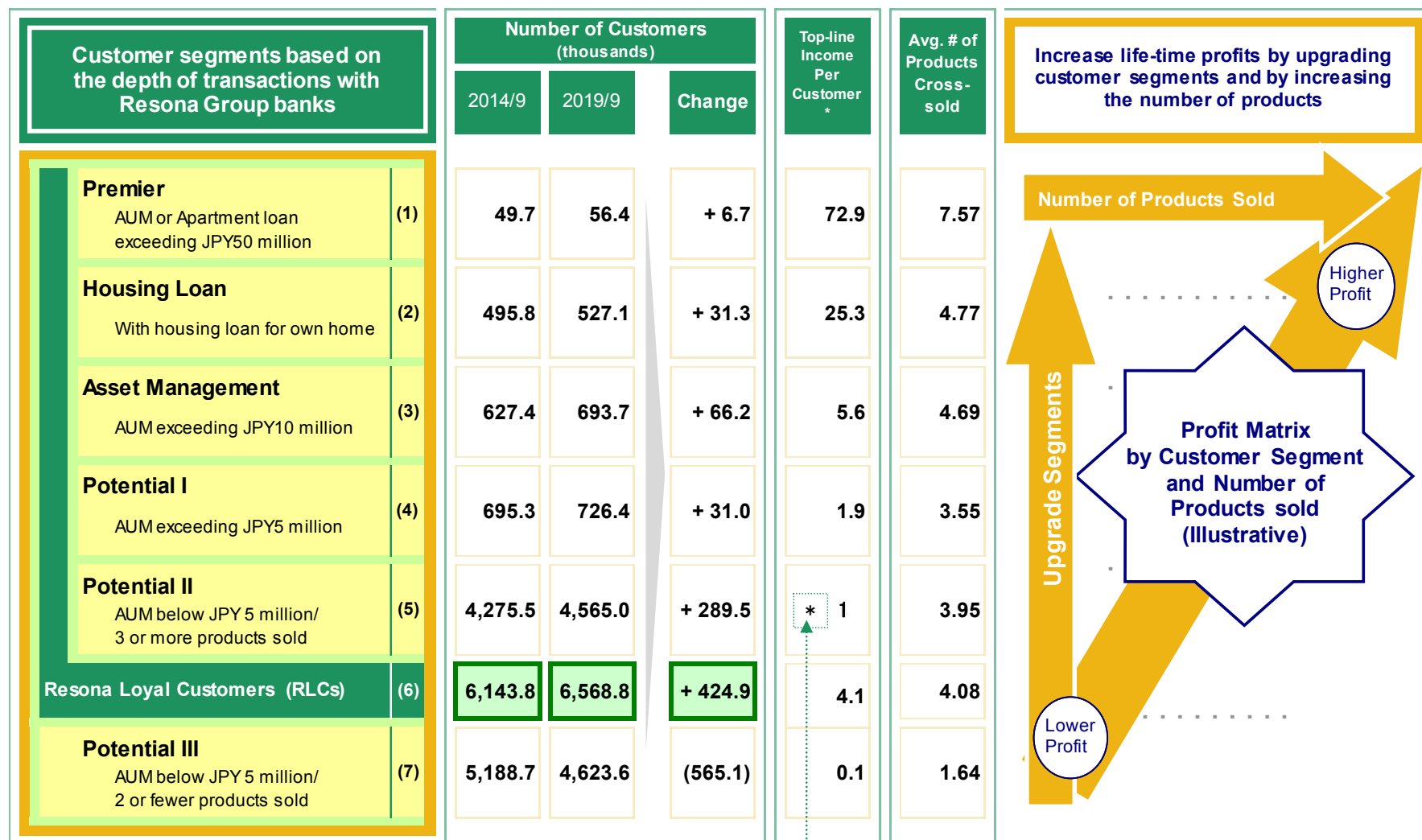
*4. At cost *5. Basel 3, Common equity Tier1 ratio is for a reference purpose only

*6. Exclude unrealized gain on available-for-sale securities

Measures to Build Multifaceted Business Relationships with Customers

Total of
Two Banks
(RB, SR)

Visible progress has been made through the increase in the number of “Resona Loyal Customers”



* Indexed to average top-line income per client for Potential II segment = 1

Business Results by Major Group Business Segments

Management accounting by major group business lines (1H of FY2019)

(JPY bn, %)

Resona Group Business Segments		Profitability			Soundness	Net operating profit after a deduction of credit cost										
		Net profit after a deduction of cost on capital	Risk-adjusted return on capital	Cost to income ratio	Internal CAR	Actual net operating profit								Credit cost		
						RVA ^{*1}	RAROC	OHR	YoY Change	YoY Change	Gross operating profit		Operating expense		YoY Change	YoY Change
Customer Divisions	(1)	16.7	14.8%	63.9%	9.4%	73.8	(23.1)	84.1	(4.7)	233.0	(4.6)	(148.9)	(0.0)	(10.2)	(18.4)	
	Personal Banking	(2)	16.1	29.3%	73.7%	9.3%	26.5	(5.7)	27.2	(3.4)	103.7	(3.9)	(76.4)	+0.4	(0.7)	(2.3)
	Corporate Banking	(3)	0.5	11.6%	56.0%	9.5%	47.2	(17.4)	56.8	(1.3)	129.2	(0.7)	(72.4)	(0.5)	(9.5)	(16.1)
	Markets	(4)	23.2	49.8%	11.6%	13.0%	30.1	+9.0	30.1	+9.0	34.1	+8.0	(3.9)	+1.0	-	-
	KMFG	(5)	(12.5)	11.8%	80.1%	8.0%	14.1	(0.9)	14.1	(3.9)	71.3	(5.1)	(57.1)	+1.2	(0.0)	+2.9
Total ^{*2}		(6)	(9.7)	11.7%	62.8%	10.9%	113.1	(20.1)	123.5	(4.6)	331.4	(6.0)	(208.2)	+2.9	(10.3)	(15.4)

*1. RVA: Resona Value Added (Net profit after a deduction of cost on internally allocated capital)

*2. Numbers reported above refer to 2 Resona Group banks and consolidated subsidiaries

Consolidated Subsidiaries and Affiliated Companies

Major consolidated domestic subsidiaries (excluding group banks)

(JPY bn)

Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
Resona Guarantee Co., Ltd.	(1)	Credit guarantee (Mainly mortgage loan) Japan's highest class of residential housing loan guarantee balances	Resona Holdings 100%	1H FY'19 (Sep.30 2019)	5.3	(2.7)
Resona Card Co., Ltd.	(2)	Credit card Credit guarantee 1.5 million card members	Resona Holdings 77.5% Credit Saison 22.4%	1H FY'19 (Sep.30 2019)	1.0	+0.0
Resona Kessai Service Co., Ltd.	(3)	Collection service Factoring Collection services with 50 million cases annually	Resona Holdings 100%	1H FY'19 (Sep.30 2019)	0.6	+0.3
Resona Research Institute Co., Ltd.	(4)	Business consulting service Management consulting with 800 project annually	Resona Holdings 100%	1H FY'19 (Sep.30 2019)	0.1	+0.0
Resona Capital Co., Ltd.	(5)	Venture capital IPO support, SME business succession, re-growth support	Resona Holdings 100%	1H FY'19 (Sep.30 2019)	0.0	(0.0)
Resona Business Service Co., Ltd.	(6)	Back office work Employment agency Practices quick and accurate operations	Resona Holdings 100%	1H FY'19 (Sep.30 2019)	0.0	(0.0)
Resona Asset Management Co., Ltd.	(7)	Investment management business Business started in Sep. 2015 utilizing 50 years of RB pension management expertise	Resona Holdings 100%	1H FY'19 (Sep.30 2019)	0.5	+0.5
Total (7 Companies)					7.7	(1.9)

Major consolidated overseas subsidiaries

Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
P.T. Bank Resona Perdania	(8)	Banking business (Indonesia) Oldest Japan-affiliated bank in Indonesia	Resona Group 48.4% (Effective control approach)	1H FY'19 (Jun.30 2019)	0.7	+0.9
P.T. Resona Indonesia Finance	(9)	Leasing business (Indonesia)	Resona Group 100%	1H FY'19 (Jun.30 2019)	(0.4)	(0.5)
Resona Merchant Bank Asia	(10)	Finance, M&A (Singapore) Became consolidated subsidiary July 2017; direct financing and M&A brokerage, etc.	Resona Group 100%	1H FY'19 (Jun.30 2019)	(0.0)	+0.1
Total (3 Companies)					0.2	+0.5

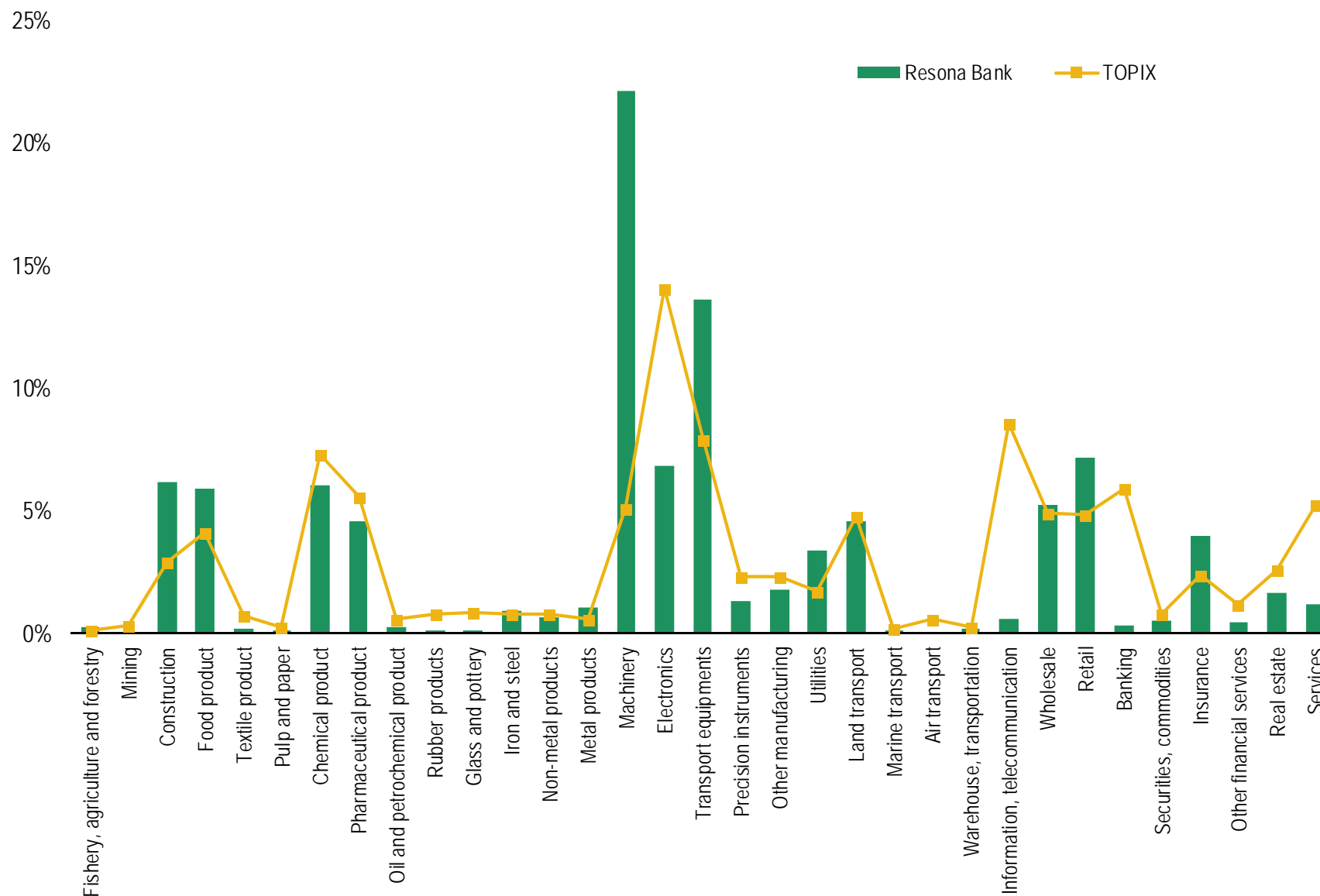
Affiliated company accounted for by the equity method

Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
JTC Holdings, Ltd.	(11)	Supervision of subsidiaries' operations and other ancillary businesses One of the largest asset size in Japan	Resona Group 16.6% Sumitomo Mitsui Trust HD 33.3%	1H FY'19 (Sep.30 2019)	0.4	+0.1
NTT Data Sofia	(12)	IT system development Became affiliated company accounted for by the equity method in Oct. 2017; responsible for the system development of the group	Resona Holdings 15% NTT Data 85%	1H FY'19 (Sep.30 2019)	0.0	(0.1)
D&I Information Systems	(13)	IT system development	Resona Holdings 15% IBM Japan 85%	1H FY'19 (Jun.30 2019)	0.1	(0.0)
Shutoken Leasing	(14)	Leasing business Became affiliated company accounted for by the equity method in Jul. 2018; responsible for the leasing business of the group	Resona Holdings 20.26% Mitsubishi UFJ Lease & Finance 70.71%	1H FY'19 (Sep.30 2019)	0.4	(0.2)
DFL Lease	(15)	Leasing business	Resona Holdings 20% Mitsubishi UFJ Lease & Finance 80%	1H FY'19 (Sep.30 2019)	0.3	+0.0
Total (5 Companies)					1.4	(0.1)

* Fiscal year end of the overseas subsidiaries (8)-(10) and D&I Information Systems (13) are December 31.
HD's consolidated business results reflect the accounts of these subsidiaries settled on June 30.

Stocks Held by Industry (September 30, 2019)

RB



(Balance sheet amount)

Swap Positions by Remaining Periods

HD
Consolidated

- Notional amounts of interest rate swaps (deferred hedge accounting applicable) by remaining period

(JPY bn)

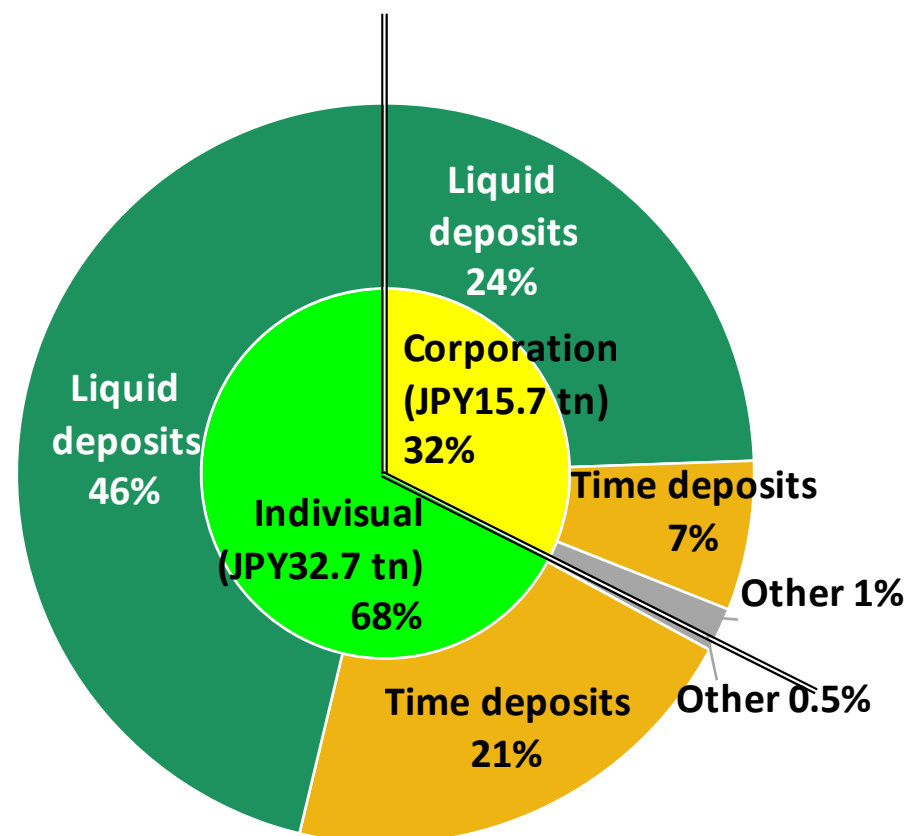
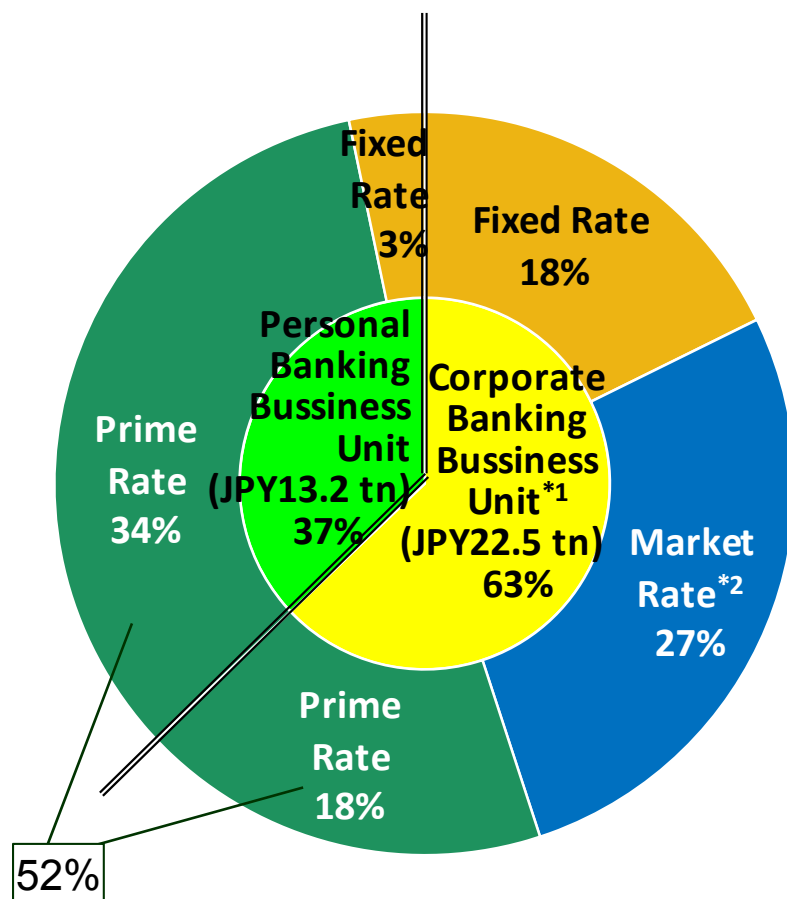
		Sep. 30, 2019				Mar. 31, 2019			
		Within 1 year	1 to 5 years	Over 5 years	Total	Within 1 year	1 to 5 years	Over 5 years	Total
Receive fixed rate/ Pay floating rate	(1)	280.0	890.0	430.0	1,600.0	215.0	910.0	530.0	1,655.0
Receive floating rate/ Pay fixed rate	(2)	220.6	389.7	406.8	1,017.2	57.6	473.1	546.6	1,077.3
Net position to receive fixed rate	(3)	59.3	500.2	23.1	582.7	157.3	436.8	(16.6)	577.6

Composition of Loan Portfolio and Deposits (September 30, 2019)

Total of
Group Banks

Loans^{*1}

Deposits^{*3}



*1. Corporate Banking Business Unit includes 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

Maturity Ladder of Loan and Deposit (Domestic Operation)

Total of
Two Banks
(RB, SR)

Loans and bills discounted

[End of March 2019]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(1)	1.0%	1.0%	6.2%	15.3%	23.5%
Prime rate-based	(2)	45.7%	0.1%			45.7%
Market rate-based	(3)	29.7%	1.0%			30.8%
Total	(4)	76.4%	2.1%	6.2%	15.3%	100.0%

Loans maturing
within 1 year

78.5%

[End of September 2019]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(5)	1.1%	0.9%	6.2%	14.9%	23.1%
Prime rate-based	(6)	46.0%	0.0%			46.0%
Market rate-based	(7)	29.9%	1.0%			30.9%
Total	(8)	77.0%	2.0%	6.2%	14.9%	100.0%

Loans maturing
within 1 year

78.9%

[Change in 1H FY2019]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(9)	+0.0%	(0.1)%	(0.0)%	(0.4)%	(0.4)%
Prime rate-based	(10)	+0.3%	(0.0)%			+0.3%
Market rate-based	(11)	+0.2%	(0.0)%			+0.2%
Total	(12)	+0.5%	(0.1)%	(0.0)%	(0.4)%	-

Loans maturing
within 1 year

+0.4%

Deposits

[End of March 2019]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(1)	39.8%	1.9%	7.8%	26.9%	76.4%
Time deposits	(2)	11.5%	6.4%	4.3%	1.3%	23.6%
Total	(3)	51.3%	8.4%	12.1%	28.3%	100.0%

[End of September 2019]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(4)	39.2%	2.0%	8.0%	27.5%	76.7%
Time deposits	(5)	11.5%	6.3%	4.3%	1.2%	23.3%
Total	(6)	50.7%	8.3%	12.2%	28.8%	100.0%

[Change in 1H FY2019]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(7)	(0.6)%	+0.0%	+0.2%	+0.6%	+0.3%
Time deposits	(8)	(0.0)%	(0.1)%	(0.0)%	(0.1)%	(0.3)%
Total	(9)	(0.6)%	(0.1)%	+0.1%	+0.5%	-

Migrations of Borrowers (1H of FY2019)

RB

- Exposure amount basis (Migrations of borrowers for 1H of FY2019 *1)

		End of September 2019									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Effectively Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of March 2019	Normal	98.5%	0.9%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%	0.0%	-	0.9%
	Other Watch	13.4%	80.7%	0.7%	1.8%	0.1%	0.1%	3.2%	3.2%	0.0%	13.4%	2.7%
	Special Attention	3.4%	5.8%	76.1%	10.9%	0.9%	0.8%	2.0%	2.0%	0.0%	9.3%	12.6%
	Doubtful	1.3%	6.5%	0.4%	82.9%	3.3%	0.5%	5.1%	5.1%	0.0%	8.2%	3.8%
	Effectively Bankrupt	0.2%	0.1%	0.0%	0.6%	88.0%	4.5%	6.7%	6.6%	0.1%	0.9%	4.5%
	Bankrupt	0.0%	0.0%	0.0%	2.2%	0.0%	93.2%	4.5%	0.8%	3.7%	2.2%	-

*1. Above table shows how a borrower belonging to a particular borrower category as of the end of March 2019 migrated to a new category as of the end of September 2019.
 Percentage points are calculated based on exposure amounts as of the end of March 2019.
 New loans extended, loans partially collected or written-off(including partial direct written-off) during the period are not taken into account.
 "Other" as of the end of September 2019 refers to those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims.

List of Subordinated Bonds (September 30, 2019)

RB

Amount outstanding	Issue date	Maturity	Dividend rate
JPY50.0 bn	March 4, 2010	March 4, 2020	2.084%
JPY40.0 bn	September 28, 2010	September 28, 2020	1.606%
JPY25.0 bn	June 1, 2011	June 1, 2021	1.878%
JPY20.0 bn	December 22, 2011	December 22, 2026	2.442%
JPY35.0 bn	March 14, 2012	March 15, 2022	1.78%
JPY16.0 bn	March 14, 2012	March 15, 2027	2.464%

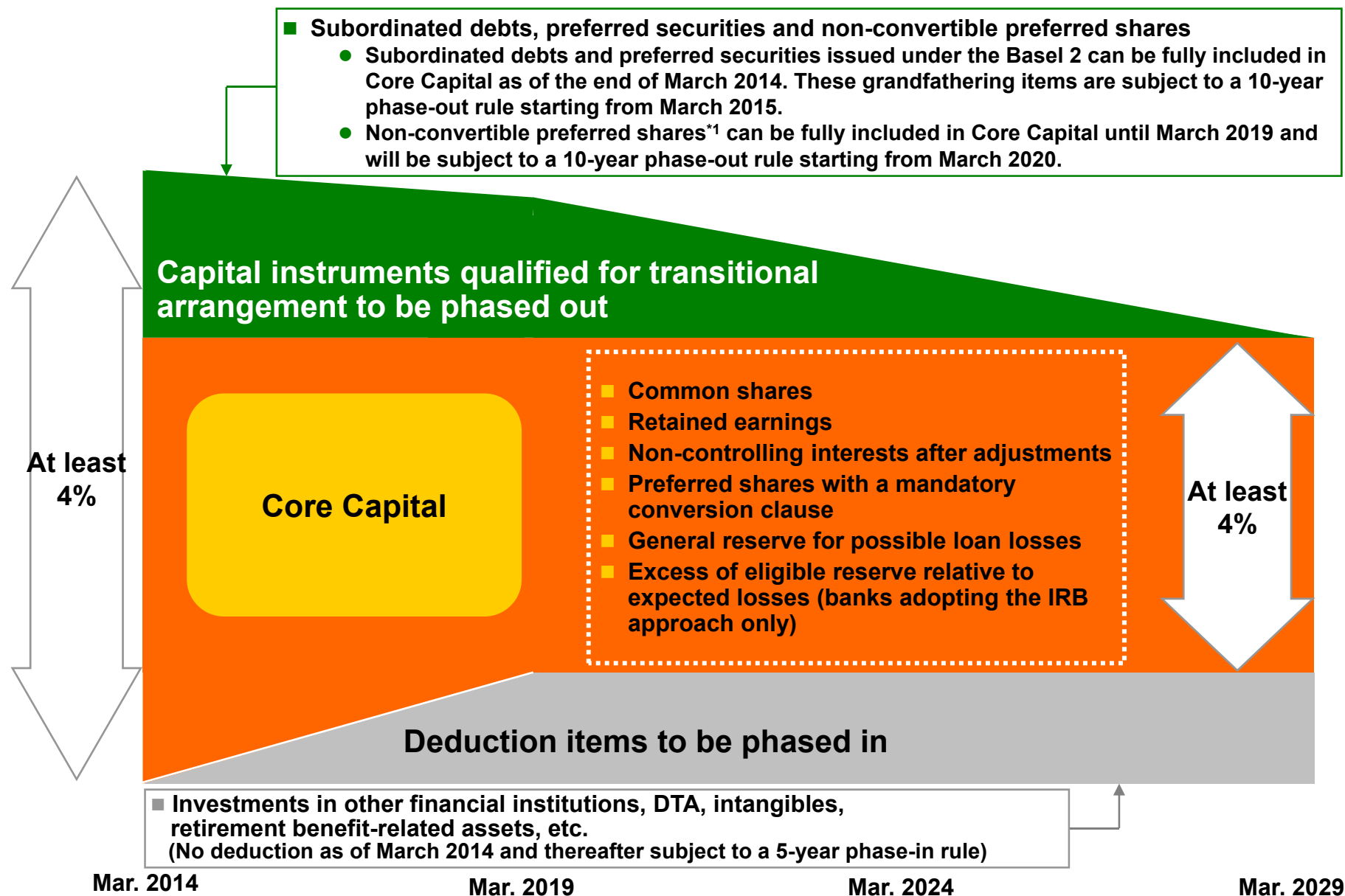
Responses to the Ongoing International Discussion over Further Tightening of Financial Regulation

Major items of financial regulation being discussed internationally / Impact on Resona

- With Basel 3 finalized, local authorities are currently formulating the domestic rules.
- At present there is no regulation which cause serious impacts on Resona.

Major regulatory items	Outline of regulation	Important updates
Finalization of Basel 3 <ul style="list-style-type: none"> • Review of Standardized Approach (SA) (Credit and operational risks) • Review of IRB approach • Capital floor based on SA 	Reviewing credit risk calculation method to enhance the risks sensitivity and improve comparability. Reviewing operational risk calculation method to reflect loss data. New capital floor rule requiring a reference to the SA (final output floor calibration : 72.5%).	<ul style="list-style-type: none"> • International rules have been finalized in December 2017. Finalized rule is moderate compared to the consultation draft. • Domestic rules are being formulated to be implemented from 2022. • Common Equity Tier 1 (CET1) capital ratio based on finalized Basel 3 (excluding net unrealized gains on available-for-sale securities) is around 9.0%※ • ※Trial calculation to CET1 capital ratio of 10.27% as of Sep. 30, 2019 by only taking in consideration the estimated increase in RWAs due to the finalization of Basel 3 (SA and capital floor revisions, fully phased-in basis).
Liquidity regulations (LCR/NSFR)	[LCR] Requiring banks to hold high-quality liquid assets to prepare for significant outflow of funds under a severe stress. [NSFR] Requiring banks to hold certain capital and liabilities for the risk of having illiquid assets.	<ul style="list-style-type: none"> • Minimum requirements are applicable to banks subject to the International standard. • Implementation schedule of NSFR regulations has yet to be determined.
Leverage ratio	Introduced to complement capital adequacy ratio requirements. Tier 1 capital as a numerator. Exposure amount, not RWA, to be a denominator.	
IRRBB (interest rate risk in the banking book)	To strengthen the interest rate risk management by measuring the decline in economic value of equity (\angle EVE) and net interest income (\angle NII) under certain interest rate shock scenarios.	<ul style="list-style-type: none"> • Pillar 2 regulation. The threshold of \angleEVE is set at within 15% of Tier 1 capital (in case of domestic standard banks, within 20% of Total capital), the figures are within the threshold.
Derivatives-related (Margin requirements, SA-CCR, CVA, etc.)	Requiring banks to pay/receive margins for OTC derivatives not to be cleared by CCP, reviewing the calculation method of derivatives exposure and CVA.	<ul style="list-style-type: none"> • Resona is subject to variable margin requirements from March 2017. Initial margin requirements are scheduled to be introduced after September 2020. • Adoption of SA-CCR (Standardized Approach) is optional for the time being. • Accounting CVA will be introduced from the first quarter of 2021.
Various capital buffers (G-SIBs/D-SIBs, TLAC)	Capital buffer requirements include capital conservation buffer, counter-cyclical buffer and SIBs' buffer. TLAC requires banks to hold additional capacity to absorb loss.	<ul style="list-style-type: none"> • Capital buffers are applicable to G-SIBs/D-SIBs, and banks subject to the International standard. • TLAC was implemented in 2019 which is applicable to SIBs.

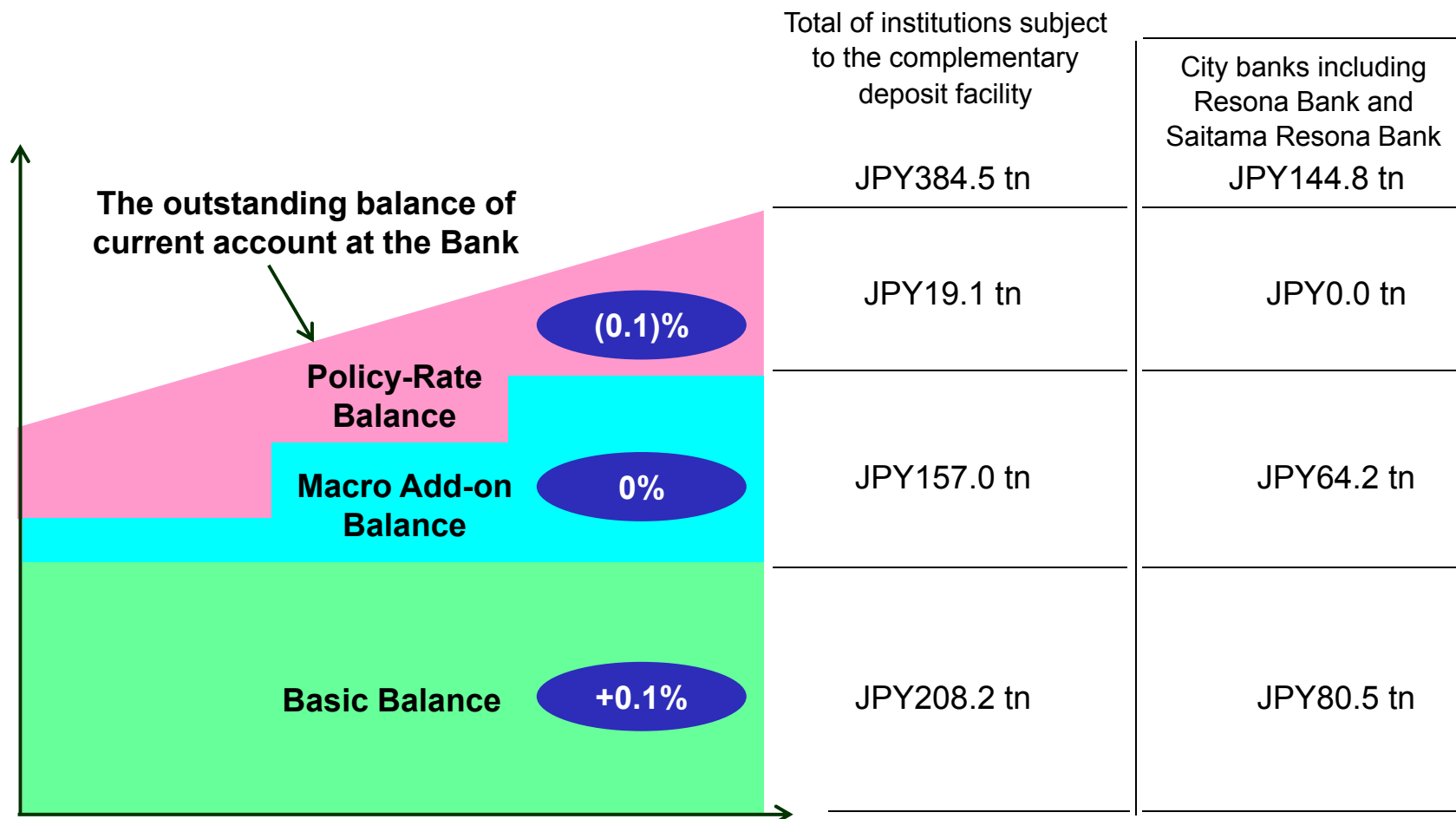
Outline of Eligible Capital under the Japanese Domestic Std.



*1. Non-cumulative preferred shares other than those with a mandatory conversion feature

BOJ Current Account Balances

Monthly average balance of BOJ current account
(16 September -15 October)



*1. Bank of Japan

Long Term Business Results

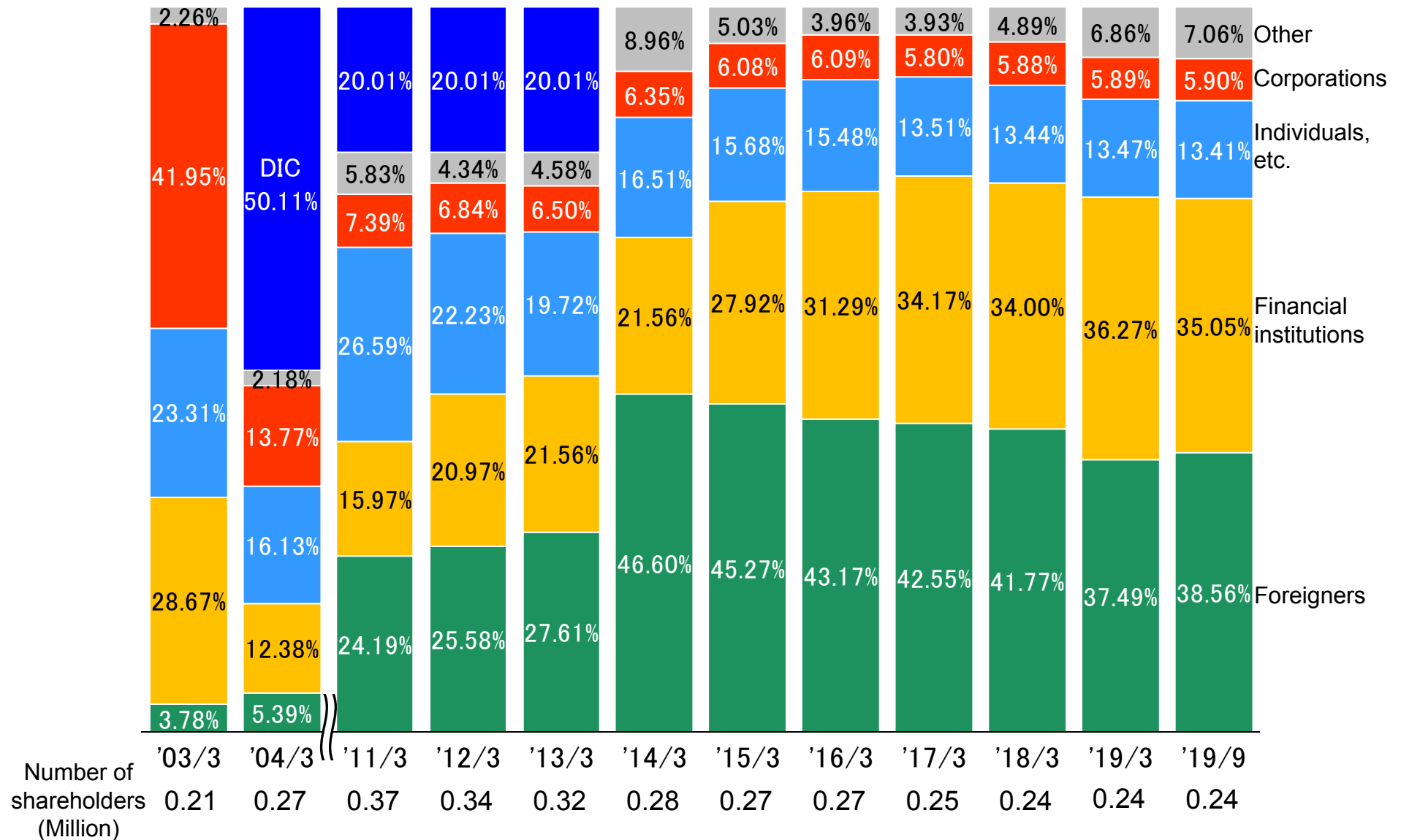
3 banks (RB,SR,KO)											After KMFG integration		
(JPY bn)			FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
PL	Consolidated	Gross operating profit	678.3	667.0	655.2	637.1	608.5	632.4	619.5	563.1	552.5	661.3	644.1
		Net interest income	499.4	484.0	463.9	443.0	430.0	425.9	401.3	377.9	368.3	454.2	435.9
		Fee incomes ^{*1}	145.1	146.8	143.1	150.6	158.7	169.2	168.7	160.6	168.0	187.7	193.8
		Operating expenses	(387.5)	(369.4)	(360.9)	(361.6)	(348.4)	(357.7)	(347.5)	(362.4)	(360.6)	(442.6)	(439.4)
		Net gains/(losses) on stocks	0.6	(0.8)	2.3	(7.5)	22.6	44.5	(6.5)	25.1	16.7	21.4	10.1
		Credit related expenses	(114.6)	(61.5)	(13.8)	13.0	26.4	22.3	(25.8)	17.4	14.7	10.1	(1.3)
		Net income attributable to owners of parent	132.2	160.0	253.6	275.1	220.6	211.4	183.8	161.4	236.2	244.2	175.1
BS	Total of group banks	Term end loan balance	26,306.1	26,177.9	26,050.4	26,682.1	26,986.0	27,755.5	27,932.1	28,412.0	28,992.1	35,478.5	36,282.9
		Loans to SMEs and individuals	22,320.8	22,166.3	22,235.8	22,659.5	22,912.6	23,454.9	23,645.8	24,163.8	24,728.4	30,473.3	31,161.3
		Housing loans ^{*2}	12,042.9	12,145.4	12,250.3	12,651.9	12,918.3	13,125.0	13,188.0	13,356.3	13,331.6	15,968.5	16,223.1
		Residential housing loans	8,857.4	8,973.6	9,095.3	9,441.3	9,705.2	9,905.1	10,015.1	10,218.6	10,267.5	12,374.7	12,683.6
		NPL ratio	2.42%	2.43%	2.32%	2.06%	1.74%	1.51%	1.51%	1.35%	1.18%	1.26%	1.18%
		Stocks (Acquisition amount basis)	343.8	351.3	342.1	336.9	331.6	330.6	351.5	348.3	343.8	365.4	353.8
		Unrealized gains/(losses) on available-for-sale securities	119.8	92.6	131.5	257.5	332.8	573.1	460.1	555.4	649.4	672.8	598.3
Business	Total of group banks	Balance of Investment products sold to individuals	3,068.2	3,125.6	3,177.2	3,492.5	3,538.9	3,791.5	3,751.7	3,645.7	3,618.6	4,569.7	4,762.3
		Investment trust/ Fund wrap	2,017.9	1,956.8	1,827.1	1,951.9	1,915.3	2,070.9	1,871.1	1,759.3	1,733.7	2,178.4	2,222.4
		Insurance	1,050.2	1,168.8	1,350.1	1,540.6	1,623.5	1,720.6	1,880.6	1,886.3	1,884.9	2,391.2	2,539.8
		Housing loan ^{*2}	1,435.4	1,341.1	1,301.8	1,559.5	1,478.6	1,352.9	1,292.7	1,481.4	1,174.9	1,418.4	1,577.7
		Residential housing loans	1,147.7	1,098.6	1,048.6	1,225.5	1,162.3	1,042.2	1,011.7	1,198.7	939.0	986.6	1,225.5
		Real estate business (excluding equity)	6.3	6.6	7.7	7.8	8.3	11.2	13.5	13.7	13.1	13.1	13.3
Remaining public fund balance			2,085.2	871.6	871.6	871.6	356.0	128.0	Fully repaid in June 2015				

*1. Fees and commissions income plus trust fees *2. Includes apartment loans (Origination Includes Flat35)

Credit Rating Information (Long Term)

	Moody's	S&P	R&I	JCR
Resona Holdings	-	-	A	-
Resona Bank	A2	A	A+	AA-
Saitama Resona Bank	A2	-	A+	AA-
Kansai Mirai Financial Group	-	-	-	A+
Kansai Mirai Bank	-	-	-	A+
Minato Bank	-	-	-	A+

Composition of Resona HD's Common Shareholders



Proactively Communicating with Our Shareholders and Investors

Resona Group HP

<https://www.resona-gr.co.jp/holdings/english/index.html>

View IR presentation material from here

Resona Group
Resona Holdings, Inc.

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About Resona **Investor Relations** Sustainability News Release

Financial Results for the First Half of Fiscal Year 2019

Go to Financial Results Report

Stock Price(TSE 1st Code:8308)
11/18/2019 15:00 JST
Value 475.0 JPY
Change -2.4
> Stock Price Chart
Data Provided by Jiji Press, Ltd.

> About Resona
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> Sustainability
> News Release

News Release

Nov. 08, 2019 > Announcement of Financial Results for the First Half of Fiscal Year 2019

Oct. 31, 2019 > Notice Regarding the Revision of Earnings Targets for the First Half of Fiscal Year 2019 issued by Resona Holdings' Consolidated Subsidiary, Kansai Mirai Financial Group, Inc.(PDF:644.9 KB)

Oct. 01, 2019 > Signing of the Company Split Agreement on Asset Management Functions of the Group(PDF:156.3 KB)

Aug. 09, 2019 > Capital Adequacy Ratio as of June 30, 2019(PDF:512.3 KB)

Jul. 31, 2019 > Financial Information for the First Quarter of Fiscal Year 2019

View Archive

Integrated Report of Resona Group

Integrated Report explains in a simple manner to all stakeholders the Resona Group's strengths and measures undertaken to create sustainable corporate value

