

Business Results for 1H of FY2020 and Future Management Direction



Resona Holdings

November 17, 2020

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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

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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Opening Remarks

■ Financial results for 1H of FY2020

- Net income attributable to owners of parent: JPY56.3 bn, down 26.7%, YoY
Progress rate against the full year target*1: 46.9%
- Actual net operating profit: JPY111.1 bn, down 10.0%, YoY
Progress rate against the full year target of group banks total: 51.1%
- Extended support to customers in the wake of the COVID-19 pandemic while maintaining our financial soundness
- The domestic business sector, which had been entirely focused on crisis response in the 1Q, was reinstated on a recovery track in the 2Q

■ Initiatives for sustainable growth ~Looking ahead for “with or after COVID-19 era”~

- Help customers resolve issues confronting them, including those arising from changes triggered by the COVID-19 crisis, through our business and innovation
⇒ Establish a “Resonance Model”/Accelerate efforts to secure resonance between a sustainable society and Resona’s sustainable growth
- Further Development × New Challenges × Rebuilding Our Foundations
- Make KMFG to be a wholly-owned subsidiary of HD
 - Paid full attention to maintaining the capital level and stock value in the course of organizational structuring
 - Contribute to the Kansai area’s economy, which is expected to be buoyed by the invigoration of economic activities, while enhancing the Group’s governance and profitability

■ Direction of capital management

- The impact of making KMFG a wholly-owned subsidiary is nearly neutral in terms of CET1 ratio*2
⇒ Shareholder return policy of MMP remains unchanged

*1. Full year target of FY2020: JPY120.0 bn

*2. Based on the finalization of Basel 3 excluding unrealized gains on available-for-sale securities

Outline of Business Results for 1H of FY2020 and Updates on Major Businesses

Initiatives for Sustainable Growth
~Looking ahead for “with or after COVID-19 era”~

Direction of Capital Management

ESG Initiatives

Reference Material

Outline of Financial Results for 1H of FY2020

■ Net income attributable to owners of parent: JPY56.3 bn

- Down JPY20.5 bn, or 26.7%, YoY
- Progress rate against the full year target*1: 1H 46.9%, 1Q 18.1%

■ Actual net operating profit: JPY111.1 bn

Down JPY12.4 bn, or 10.0%, YoY

● Gross operating profit: JPY317.3 bn

Down JPY14.1 bn, or 4.2%, YoY

- Net interest income from domestic loans and deposits:
Down JPY3.0 bn, YoY
Average loan balance: +5.19%, YoY, Loans rate: down by 7bps, YoY
[Excluding loans to the Japanese government and others]
Average loan balance: +2.68%, YoY, Loans rate: down by 4bps, YoY

Loans balance surpassed expectation mainly due to increasing loans demand from corporate customers.

Loans rate, excluding loans to the Japanese government and others, was almost in line with the plan.

- Fee income: Down JPY4.5 bn, YoY, Fee income ratio: 29.4%
Progress rate against the full year plan*2: 1H 47.9%, 1Q 22.5%

Although fee businesses started slow in 1Q mainly due to the constraint on face-to-face business activities in the pandemic, they have been back on course of recovery since 2Q.

- Net gains on bonds (including futures): Up JPY5.3 bn, YoY
Increased by building-up trading profits in a timely manner.

● Operating expenses: JPY206.4 bn, improved by JPY1.7 bn, YoY

Both personnel and non-personnel expenses decreased.

■ Credit related expenses: JPY23.1 bn (cost)

Increased by JPY12.7 bn, YoY

In line with the plan in 1H after having posted 31% against the full-year guidance in 1Q due to provisioning loan loss reserves from a preemptive standpoint.

■ Full year target of JPY120.0 bn and full year dividend forecast of 21.0 yen remain unchanged

HD consolidated (JPY bn)	FY2020 1H (a)	YoY change		Progress rate v.s. Target*1 (d)
		(b)	% (c)	
Net income attributable to owners of parent (1)	56.3	(20.5)	(26.7)%	46.9%
EPS (yen) (2)	24.54	(8.88)	(26.5)%	
BPS (yen) (3)	970.97	+49.34	+5.3%	
Gross operating profit (4)	317.3	(14.1)	(4.2)%	
Net interest income (5)	204.4	(11.8)		
Nil from loans and deposits*3 (6)	169.3	(3.0)		
Fee income (7)	93.5	(4.5)		
Fee income ratio (8)	29.4%	(0.1)%		
Trust fees (9)	9.2	(0.0)		
Fees and commission income (10)	84.2	(4.5)		
Other operating income (11)	19.3	+2.2		
Net gains on bonds (including futures) (12)	11.5	+5.3		
Operating expenses (excluding group banks' non-recurring items) (13)	(206.4)	+1.7	+0.8%	
Cost income ratio (OHR) (14)	65.0%	+2.2%		
Actual net operating profit (15)	111.1	(12.4)	(10.0)%	
Net gains on stocks (including equity derivatives) (16)	2.8	(0.3)		
Credit related expenses, net (17)	(23.1)	(12.7)		
Other gains, net (18)	(6.6)	(2.4)		
Net income before income taxes and non-controlling interests (19)	84.2	(28.0)	(24.9)%	
Income taxes and other (20)	(24.5)	+6.0		
Net income attributable to non-controlling interests (21)	(3.2)	+1.4		

*1. Full year target of FY2020: JPY120.0 bn *2. Full year plan of FY2020: JPY195.0 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

Our Response to COVID-19 Pandemic (1)

Provide our valuable financial services with customers facing issues in a changed environment

■ Our response to customers' issues in COVID-19 pandemic (Crisis response)

Changes in customers' behavior and issues

- Decrease in customer traffic
 - # of customer traffic under the state of emergency^{*1}
Approx. (25)%
- Increase in non face-to-face transactions
 - Resona Group App
 - Approx. 3 million downloads
(+0.8 million from Mar. 31, '20)
 - App-based transactions^{*2}
 - # of app-based account openings 2.6 times
 - Pay-easy 2.4 times, Bank transfer 2.1 times
- Growing needs for consultation on fundraising and lending (details ⇒ next page)

[Enlightenment activity to enhance social distancing in a branch]



Our response

- Fulfill our social mission as an integral part of social infrastructure
 - All domestic branches have maintained a full-line of banking services
- Thorough infection prevention measure for customers & employees
 - Temporarily rolled back bank counter closing hours from 5 p.m. to 3 p.m. on weekdays^{*3}
 - Using shifts with smaller headcounts and working from home or satellite offices (89 locations^{*4})
- Cash flow support
 - Provide “the COVID-19 support fund” and utilize public-financing system at all group banks to support customers in a swift and timely manner
 - Set up help desks and dedicated call centers to accommodate customer needs for cash-flow-related consulting even during public holidays
- Support for customers who require to turn their company around
 - Set up “Growth Strategy Office” support cash flow as well as realizing their business strategies such as expanding sales channel

■ Our medium-to long-term business outlook for the after COVID-19 era is based on the presumption of changes in customer awareness and paradigm shift amid the current COVID-19 pandemic

Crisis driven changes in customers awareness

- ✓ Growing awareness of the need to review future planning and ensure contingency preparedness
- ✓ Driving force for digital transformation (DX) by public and private sector

Business outlook for the after COVID-19 era

- ✓ Asset and business succession, asset formation support
- ✓ Non face-to-face transaction, cashless settlement, assisting SME customers in adopting IT-based infrastructure, etc.

*1. Number of customer traffic under the state of emergency from Apr. to May '20 (RB), YoY

*2. Transaction number through App in 1H of FY'20 (RB,SR and KMB) *3. Back to normal operation from Jun. 22, '20

*4. The number of satellite offices in Sep. 30, '20

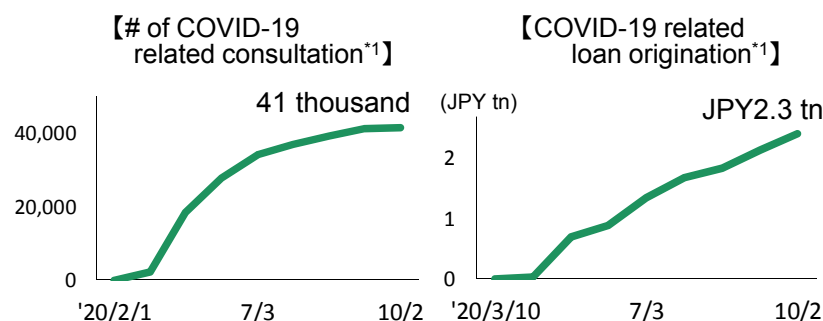
Our Response to COVID-19 Pandemic (2)

Impact to business results for 1H of FY2020

Loans and capital support for corporate customers

- Higher cash flow demand

- Average loan balance excluding loans to the Japanese government and others: +2.68%, YoY
Of which, average loan balance for corporate customers excluding loans to HD: +5.19%, YoY



- Increasing demand for solutions to strengthen stronger financial base under the circumstance with COVID-19
 - Provide subordinated loans including mezzanine financing
 - Newly set up JPY20.0 bn of capital support fund (September~ Funds cooperated with DBJ*2 and Resona stand alone funds)

Housing loan

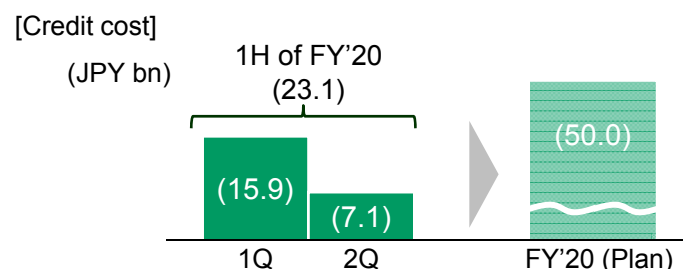
- Origination amount continued to be high level due to robust home acquisition demand
 - New residential housing loan origination:
1Q JPY0.27 tn, 2Q JPY0.33 tn
⇒ 1H JPY0.61 tn, down 1.6%, YoY
 - Increasing demand for detached suburban houses and secondhand properties

Fee businesses

- AUM and succession businesses are on a recovery since 2Q despite constraint on face-to-face business activities
 - Income from Inv. trust, FW and insurance:
1Q JPY6.6 bn, 2Q JPY9.4 bn ⇒ 1H JPY16.1 bn, down 12.4%, YoY
 - Income from M&A and real estate:
1Q JPY1.3 bn, 2Q JPY4.2 bn ⇒ 1H JPY5.6 bn, down 30.6%, YoY
- Income from loan-related solution for corporation increased
 - Income from commitment line, covenants and private notes:
1Q JPY3.8 bn, 2Q JPY7.9 bn ⇒ 1H JPY11.8 bn, up 5.9%, YoY
- Income from settlement related has been on a stable trend
 - Income from settlement related:
1Q JPY16.2 bn, 2Q JPY17.5 bn ⇒ 1H JPY33.7bn, up 5.3%, YoY

Credit costs

- Returned in line with the plan in 1H after increase in 1Q due to provisioning loan loss reserves from a preemptive standpoint
 - Taking into account a greatly uncertain environment to calculate PD(1Q)
 - New bankruptcy remained almost the same level ,YoY, despite recognized some credit cost from certain large borrowers
 - Reversal gains have continued to be on a declining trend



*1. Total of group banks based on the report from each bank (cumulative)

*2. Development Bank of Japan

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)	YoY (b)	(c)	YoY (d)					(e)
Gross operating profit	(1)	317.3	(14.1)	289.2	(15.0)	167.1	58.0	64.1	28.1
Net interest income	(2)	204.4	(11.8)	200.9	(12.4)	106.6	41.9	52.3	3.5
NII from domestic loans and deposits	(3)			169.3	(3.0)	86.0	35.0	48.2	
Gains/(losses) on cancellation of investment trusts	(4)	0.5	(0.0)	(0.0)	(0.5)	(2.1)	0.9	1.1	0.5
Fee income	(5)	93.5	(4.5)	69.9	(4.6)	46.5	13.7	9.6	23.6
Fee income ratio	(6)	29.4%	(0.1)%	24.1%	(0.3)%	27.8%	23.6%	15.0%	
Trust fees	(7)	9.2	(0.0)	9.2	(0.0)	9.2	0.0		(0.0)
Fees and commission income	(8)	84.2	(4.5)	60.6	(4.6)	37.2	13.6	9.6	23.6
Other operating income	(9)	19.3	+2.2	18.4	+2.0	13.9	2.3	2.0	0.9
Net gains on bonds (including futures)	(10)	11.5	+5.3	11.3	+5.1	8.8	1.6	0.9	0.1
Operating expenses (excluding group banks' non-recurring items)	(11)	(206.4)	+1.7	*1 (193.9)	+2.7	(103.1)	(37.3)	*1 (53.4)	(12.4)
Cost income ratio (OHR)	(12)	65.0%	+2.2%	67.0%	+2.4%	61.7%	64.4%	83.3%	
Actual net operating profit	(13)	111.1	(12.4)	95.2	(12.2)	63.9	20.6	10.7	15.8
Core net operating profit *2 (excluding gains/(losses) on cancellation of investment trusts)	(14)			85.6	(10.5)	58.4	18.5	8.5	
Net gains on stocks (including equity derivatives)	(15)	2.8	(0.3)	4.5	(3.2)	0.4	2.2	1.7	(1.6)
Credit related expenses, net	(16)	(23.1)	(12.7)	(19.8)	(11.1)	(13.6)	(2.1)	(4.0)	(3.2)
Other gains/(losses), net	(17)	(6.6)	(2.4)	(6.1)	(1.8)	(3.5)	(1.3)	(1.2)	(0.5)
Net income before income taxes	(18)	84.2	(28.0)	73.7	(28.5)	47.2	19.3	7.2	10.4
Income taxes and other	(19)	(24.5)	+6.0	(21.6)	+7.1	(13.9)	(5.6)	(1.9)	
Net income attributable to non-controlling interests	(20)	(3.2)	+1.4						
Net income (attributable to owners of parent)	(21)	56.3	(20.5)	52.0	(21.3)	33.2	13.6	5.2	

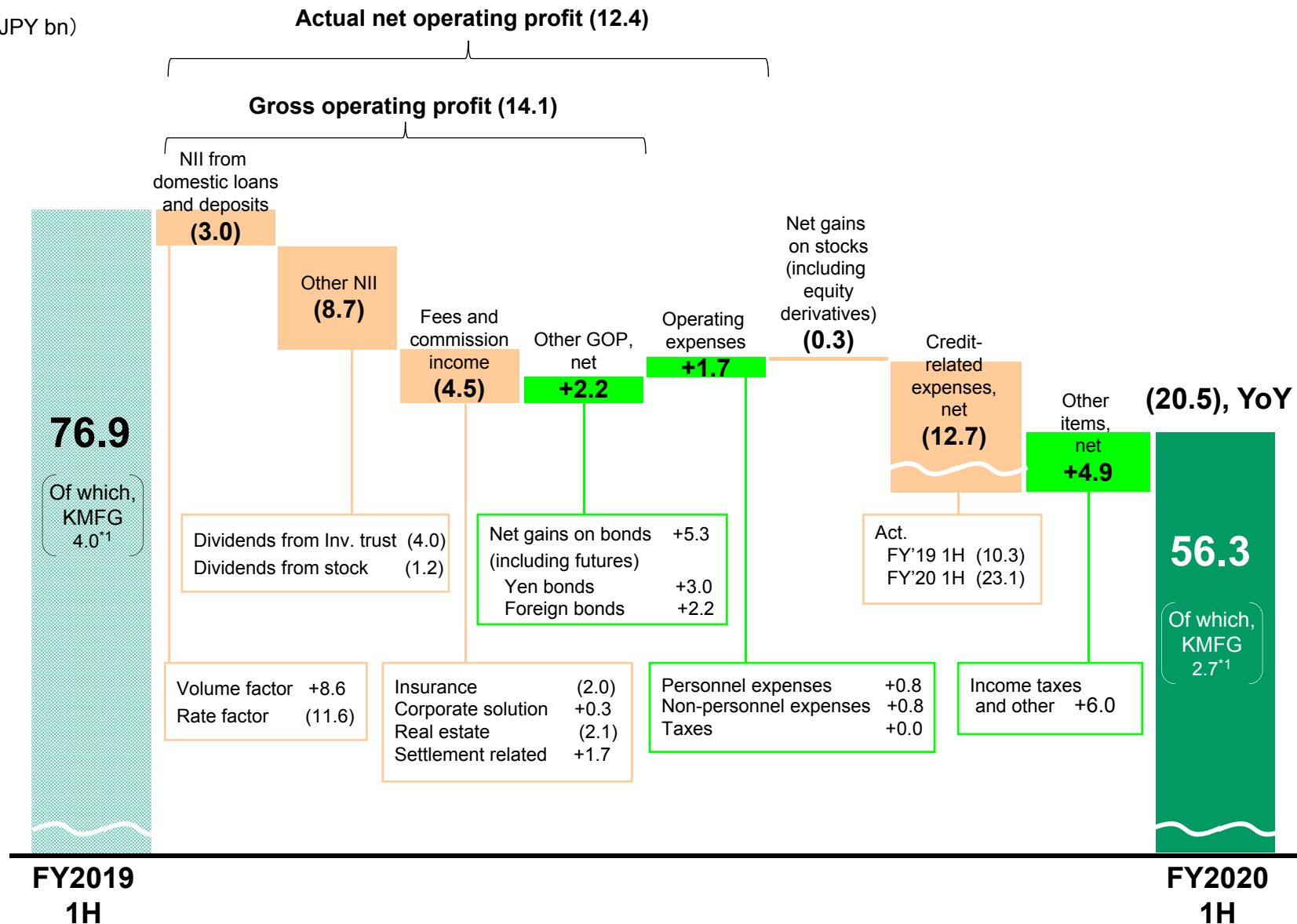
*1. Exclude goodwill amortization by KMB, JPY(0.3) bn, related to acquisition of former Biwako Bank

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

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

HD
Consolidated

(JPY bn)



*1. KMFG consolidated net income x 51.2%

Trend of Loans and Deposits (Domestic Account)

Total of
Group Banks

Average loan / deposit balance, rates and spread

■ 1H of FY'20 (YoY)

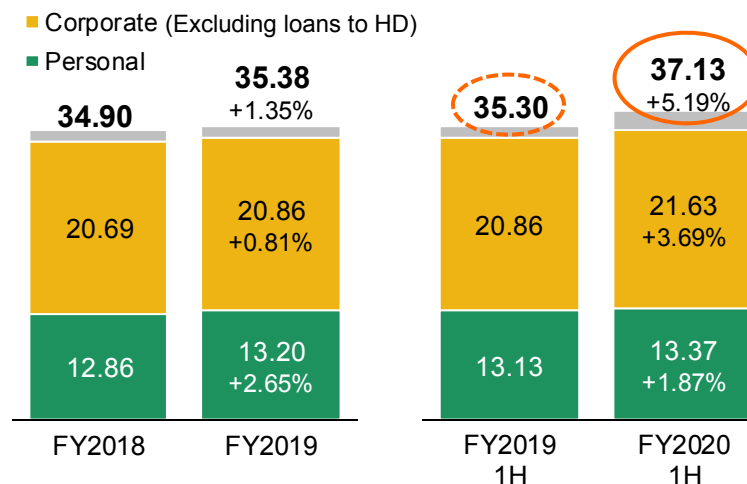
Average loan balance : +5.19%, Loan rate : (7) bps
[Excluding loans to the Japanese government and others]

Average loan balance : +2.68%, Loan rate : (4) bps
=> Full year (plan) +3.01% (4)bps

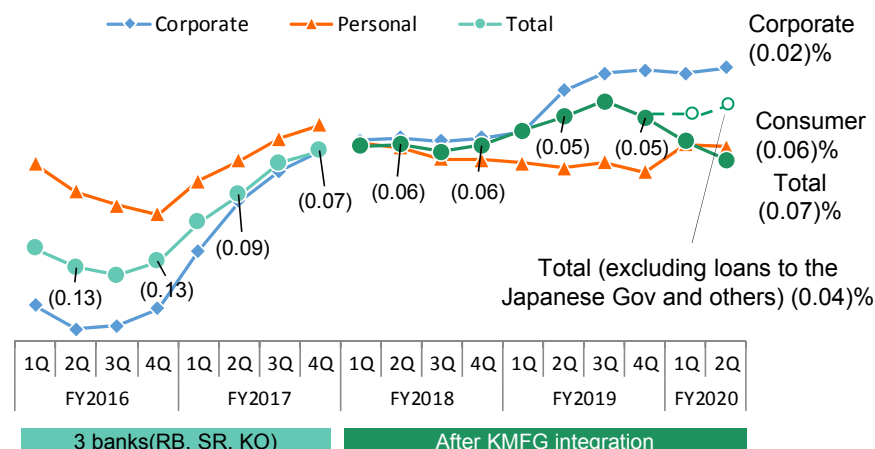
Avg. bal : Trillion Yen Income/Cost : Billion Yen		1H		FY2020	
		Act. (a)	YoY *3 (b)	Revised plan (c)	YoY *3 (d)
Loans	Avg. Bal. (1)	37.13	+5.19%	37.52	+6.04%
	Rate (2)	0.92%	(0.07)%	0.91%	(0.07)%
	Income (3)	172.1	(3.9)	343.3	(6.4)
Corporate Banking Business Unit *1	Avg. Bal. (4)	21.63	+3.69%	21.76	+4.33%
	Rate (5)	0.82%	(0.02)%	0.81%	(0.03)%
Corporate Loan	Avg. Bal. (6)	18.03	+5.19%	18.21	+6.03%
	Rate (7)	0.76%	(0.02)%	0.75%	(0.03)%
Personal Banking Business Unit *2	Avg. Bal. (8)	13.37	+1.87%	13.44	+1.82%
	Rate (9)	1.19%	(0.06)%	1.18%	(0.06)%
Deposits (Including NCDs)	Avg. Bal. (10)	55.22	+6.35%	54.99	+5.49%
	Rate (11)	0.01%	(0.00)%	0.01%	(0.00)%
	Cost (12)	(2.8)	+0.8	(5.7)	+1.4
Loan-to-deposit	Spread (13)	0.91%	(0.06)%	0.90%	(0.07)%
	Net interest income (14)	169.3	(3.0)	337.6	(4.9)

Trend of average loan balance, loan rate change

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



[Loan rate YoY change (%)]



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

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

*3. Average balance : rate of change

Term-end Balance of Loans and Deposits

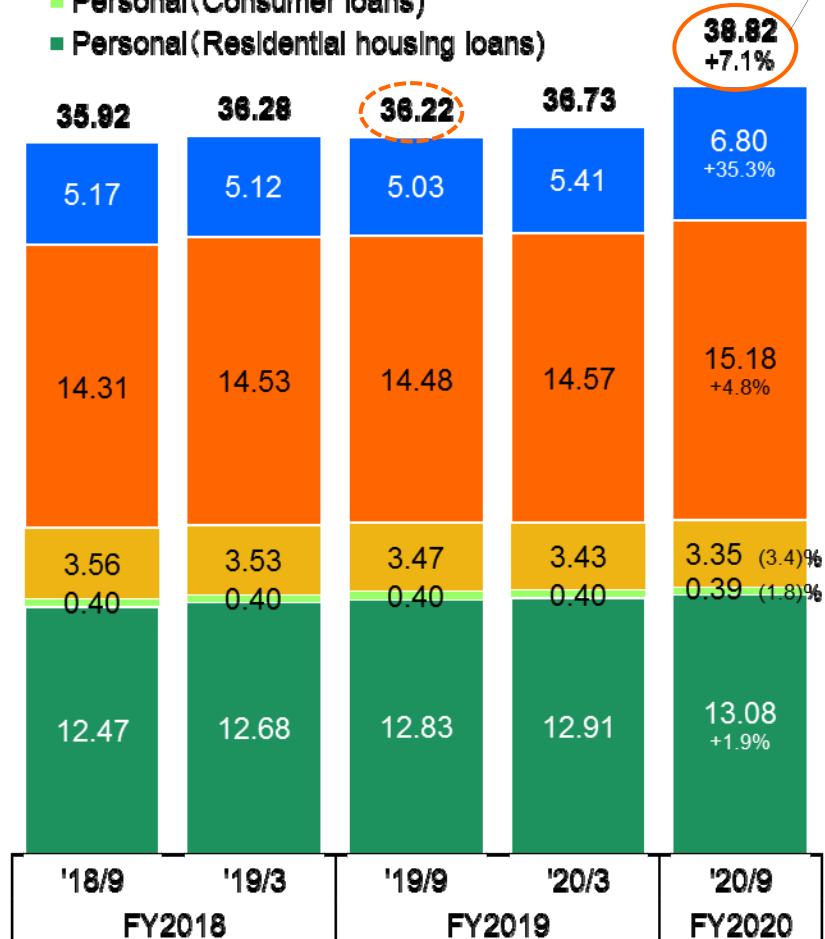
Total of
Group Banks

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)

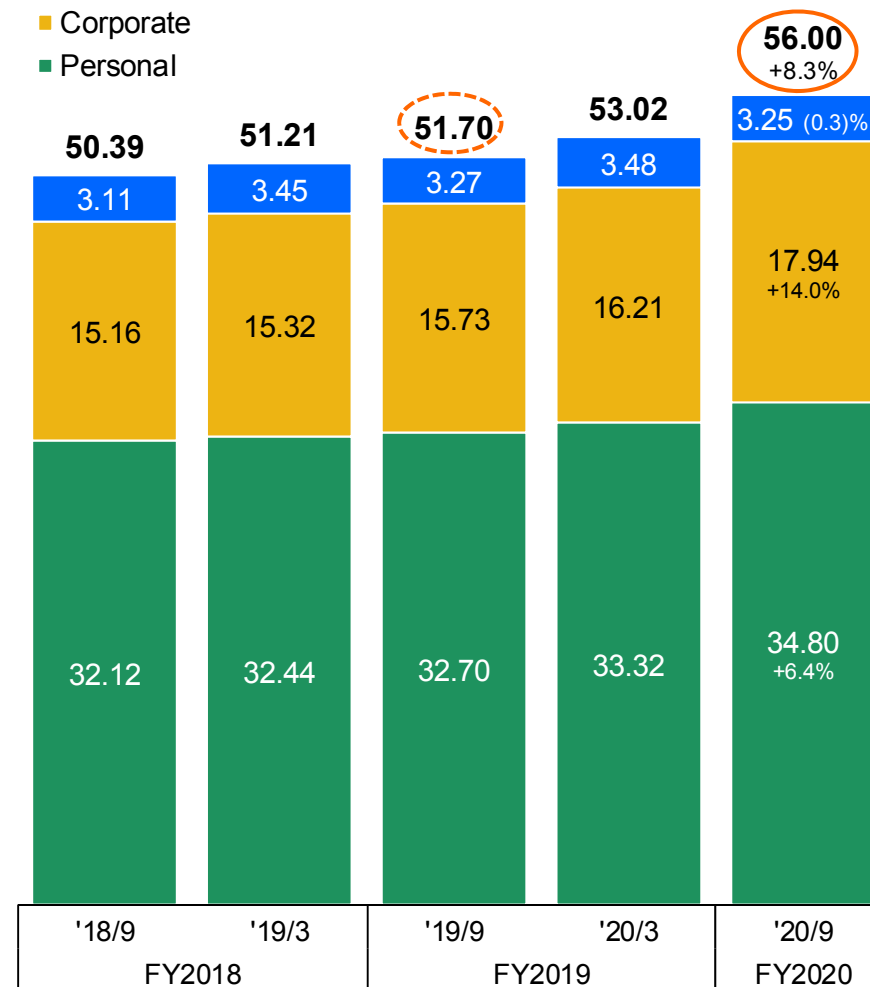
Of which, excluding
loans to the Japanese
Gov. and others
[1.49] +3.0%



Term-end deposit balance

[JPY tn, % represents YoY change]

- Other
- Corporate
- Personal



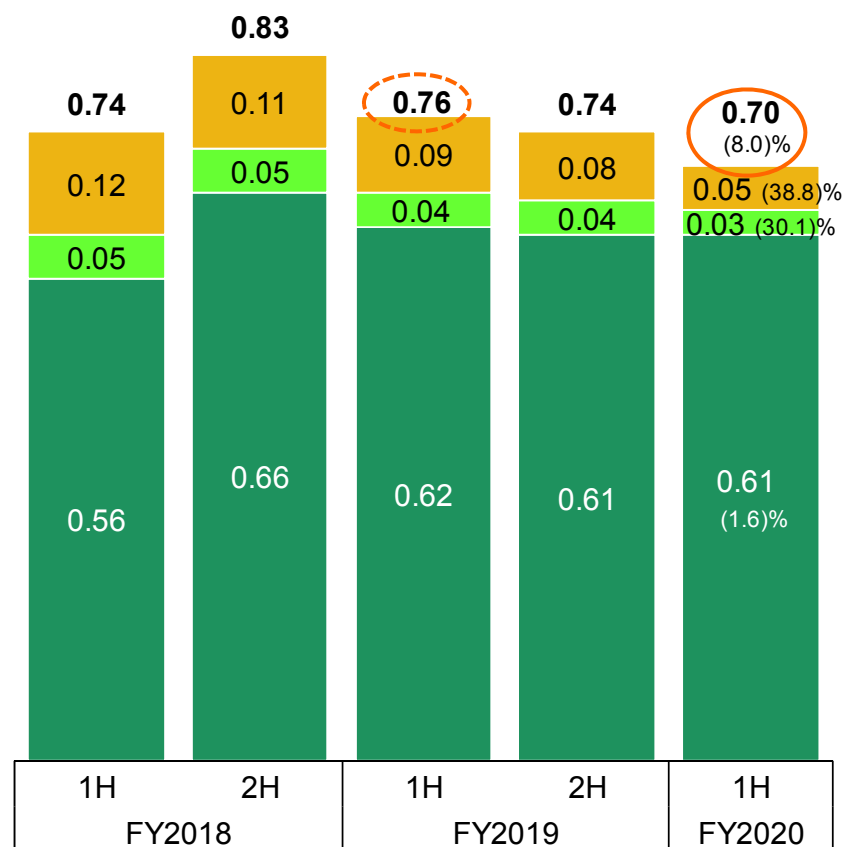
Housing Loan Business

Total of
Group Banks

New housing loan origination

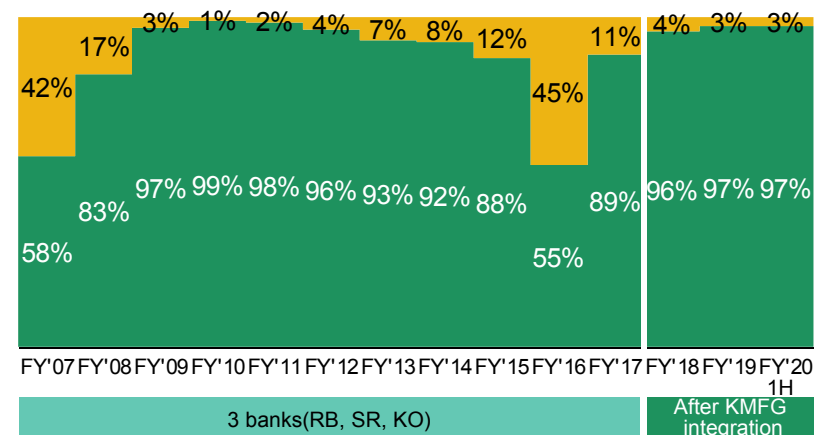
[JPY tn, % represents YoY change]

- Apartment loan
- Flat 35
- Residential housing loan



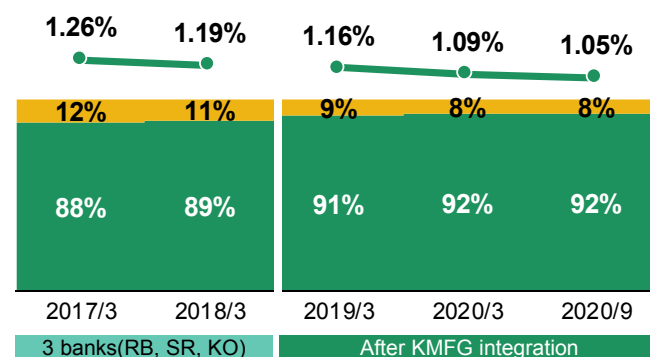
Composition of newly originated residential housing loans by interest rate type

- 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

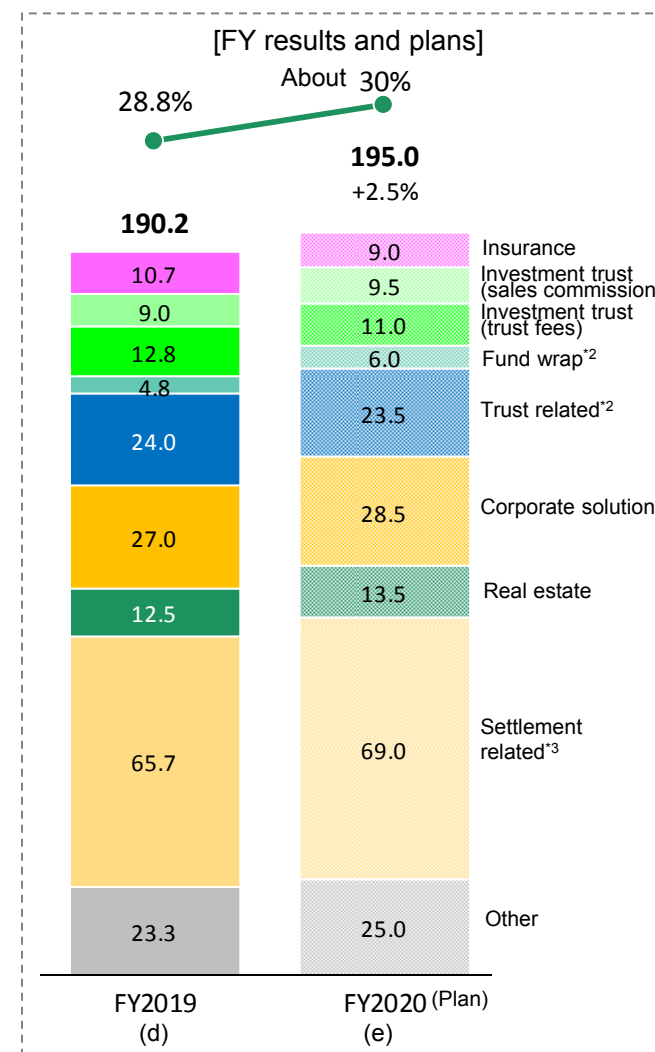
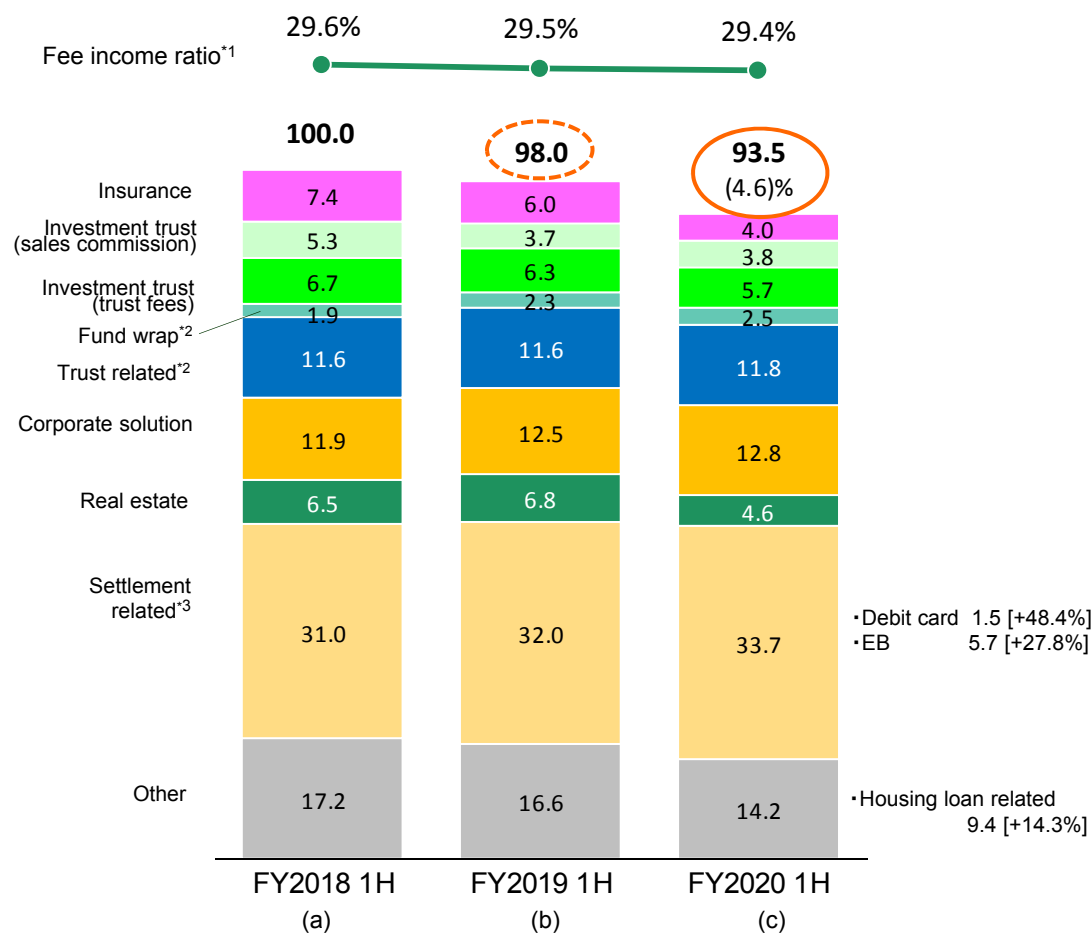


Fee Income

HD
Consolidated

- Consolidated fee income ratio*1 : 29.4%, progress rate against the full year plan : 47.9%
- While income from insurance and real estate has decreased by 33.1% and 31.8%, YoY, respectively, due to constraint on face-to-face business activities, fund wrap (+8.3%, YoY), corporate solution (+2.6%, YoY) and settlement related (+5.3%, YoY), have increased.

[JPY bn, % represents
YoY change]



*1. (Fees and commission income + trust fees) / Consolidated gross operating profit

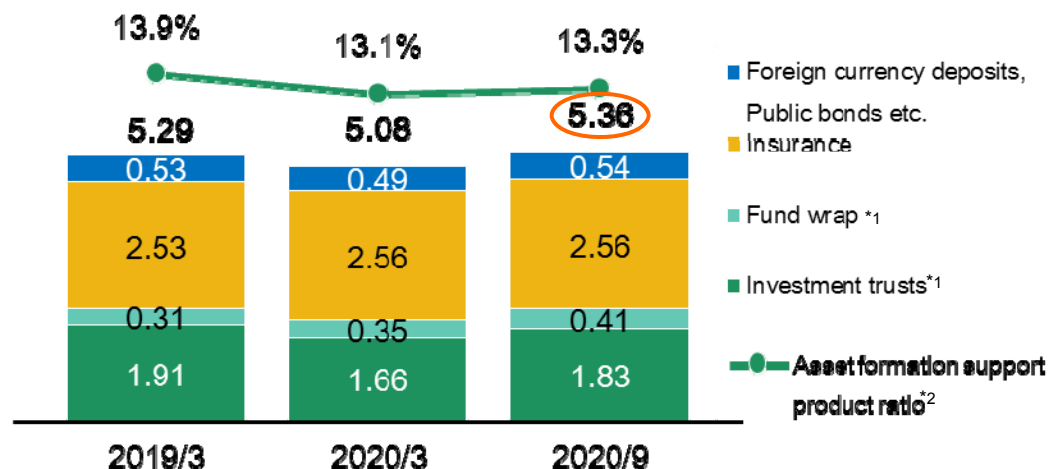
*2. Including fee income earned by Resona Asset Management *3. Fees and commission from domestic exchange, account transfer, EB, debit card and fee income earned by Resona Kessai Service and Resona Card

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

HD
Consolidated

Balance of asset formation support products sold to individuals

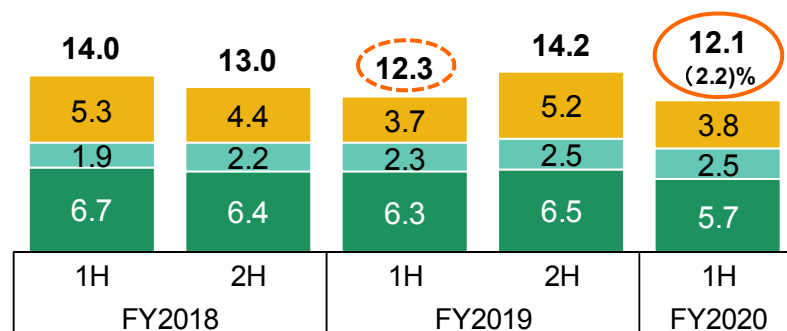
(JPY tn)



- Balance of fund wrap*1: '20/9 JPY412.0 bn (JPY452.9 bn including corporation)
- Change in balance of investment trust and fund wrap: 1H FY'20 Approx. +JPY230.0 bn
- Net inflow (new purchase – withdrawal and redemption): Approx. +JPY23.0 bn
- Number of individual customers having investment trust, fund wrap and insurance products: '20/9 930 thousand
- NISA account holders*3: 375 thousand, +6.7%, YoY
- iDeCo participants*4: '20/9 126 thousand, +15.8%, YoY

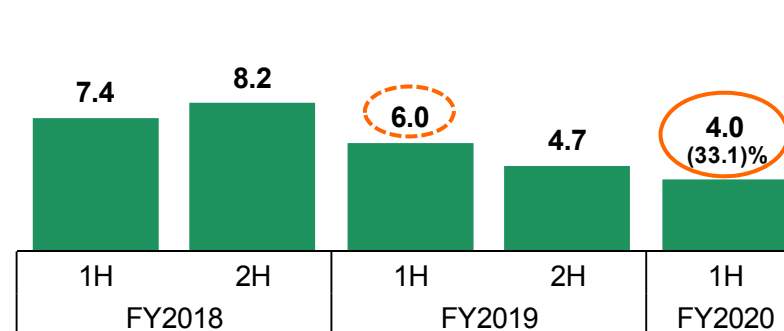
Investment trust and fund wrap income

(JPY bn) Sales commission Fund wrap Trust fees



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

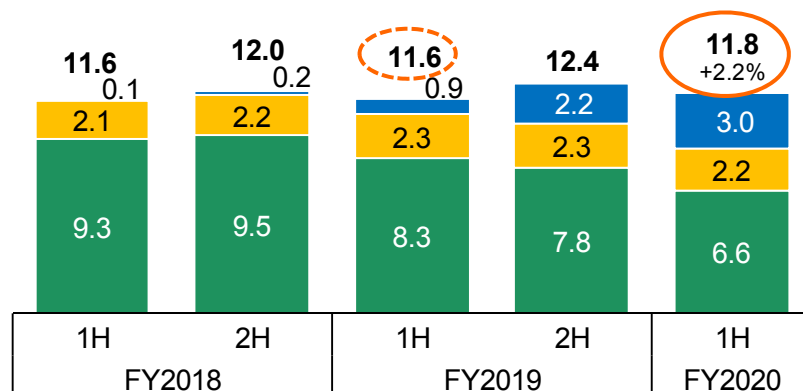
Major Fee Businesses(2) (Trust, Corporate Solution, Real Estate Business)

HD
Consolidated

Trust-related business income

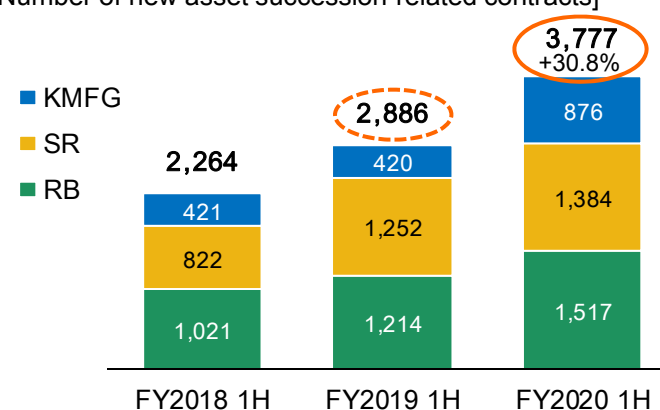
(JPY bn)

- 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

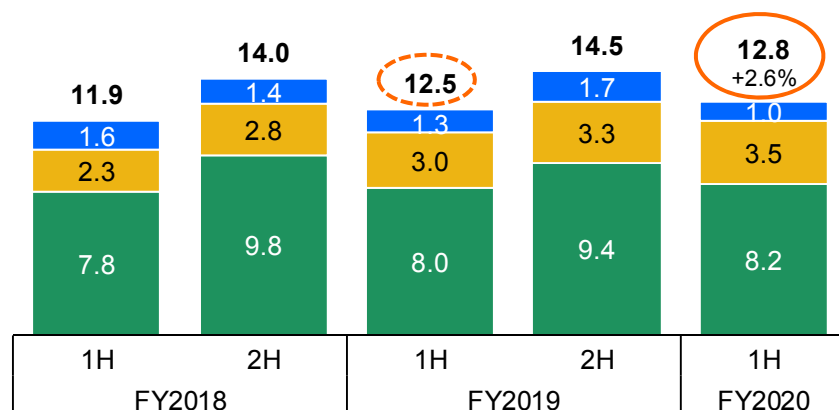
[Number of new asset succession-related contracts]



Corporate solutions business income

(JPY bn)

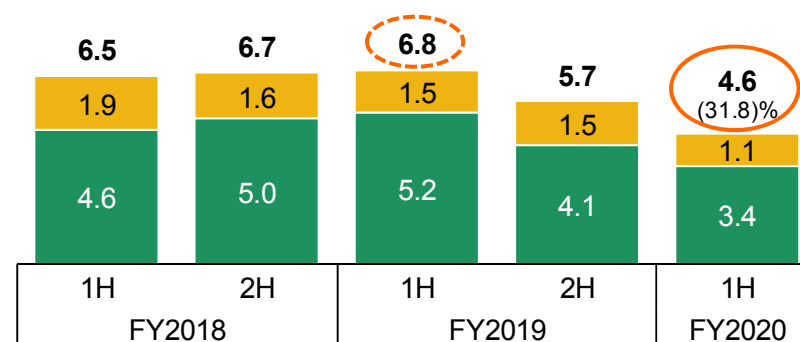
- M&A
- Private notes
- Commitment line, Syndicated loans, Covenants



Real estate business income*1

(JPY bn)

- Corporate
- Consumer



*1. Excluding gains from investments in real estate funds

Credit Costs and NPL

HD Consolidated
Total of Group Banks

Credit costs

(JPY bn)	FY2018 (a)	FY2019		FY2020	
		1H (b)	(c)	1H (d)	Plan (e)
Net credit cost (HD consolidated) (1)	(1.3)	(10.3)	(22.9)	(23.1)	(50.0)
Net credit cost (Total of group banks) (2)	0.1	(8.7)	(18.8)	(19.8)	(42.0)
General reserve (3)	11.2	(2.8)	(4.7)	(4.4)	
Specific reserve and other items (4)	(11.0)	(5.9)	(14.0)	(15.4)	
New bankruptcy, downward migration (5)	(31.3)	(15.9)	(27.1)	(16.3)	
Collection/ upward migration (6)	20.2	10.0	13.1	0.8	
Difference (1) - (2) (7)	(1.4)	(1.6)	(4.1)	(3.2)	(8.0)
HL guarantee subsidiaries (8)	3.0	(1.1)	(2.3)	(1.9)	
Resona Card (9)	(2.2)	(1.1)	(2.1)	(0.8)	

<Credit cost ratio> (bps)					
HD consolidated* ¹ (10)	(0.3)	(5.6)	(6.2)	(12.1)	(13.1)
Total of group banks* ² (11)	0.0	(4.6)	(5.0)	(10.2)	(10.8)

*(Note) Positive figures represent reversal gains

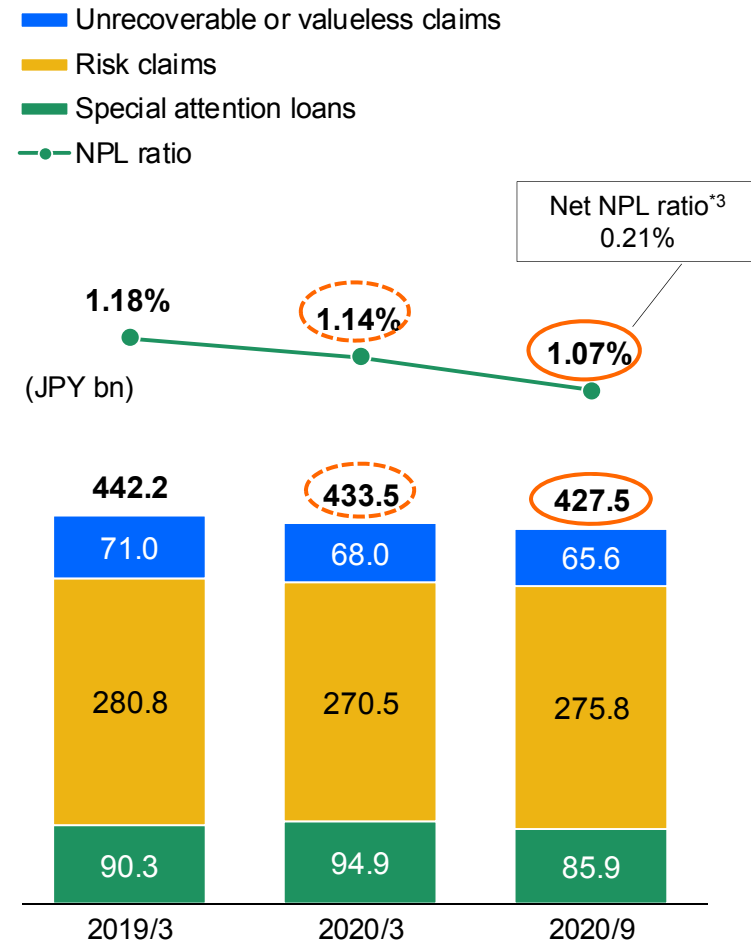
*1. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

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

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

NPL balance and ratio (Total of Group Banks)

(Financial Reconstruction Act criteria)



Securities Portfolio

Total of
Group Banks

Securities Portfolio*1

(JPY bn)	2019/3	2020/3	2020/9	Unrealized gains/(losses)
(a)	(b)	(c)	(d)	
Available-for-sale securities (1)	2,566.5	3,055.7	3,472.7	596.9
Stocks (2)	353.8	336.9	334.0	592.3
Bonds (3)	1,188.2	1,722.8	2,086.4	(4.8)
JGBs (4)	46.1	459.6	603.6	(9.5)
Average duration (years) (5)	6.7	14.8	15.2	—
Basis point value (BPV) (6)	(0.03)	(0.68)	(0.92)	—
Local government and corporate bonds (7)	1,142.0	1,263.1	1,482.8	4.7
Other (8)	1,024.5	995.9	1,052.2	9.3
Foreign bonds (9)	472.3	554.1	468.0	8.9
Average duration (years) (10)	5.3	2.4	5.4	—
Basis point value (BPV) (11)	(0.18)	(0.00)	(0.23)	—
Investment trusts (Domestic) (12)	540.6	435.0	579.1	(0.6)
Net unrealized gain (13)	598.3	420.7	596.9	
Bonds held to maturity (14)	2,127.4	1,968.4	1,771.3	20.9
JGBs (15)	1,539.5	1,144.2	932.5	13.9
Net unrealized gain (16)	47.1	28.1	20.9	

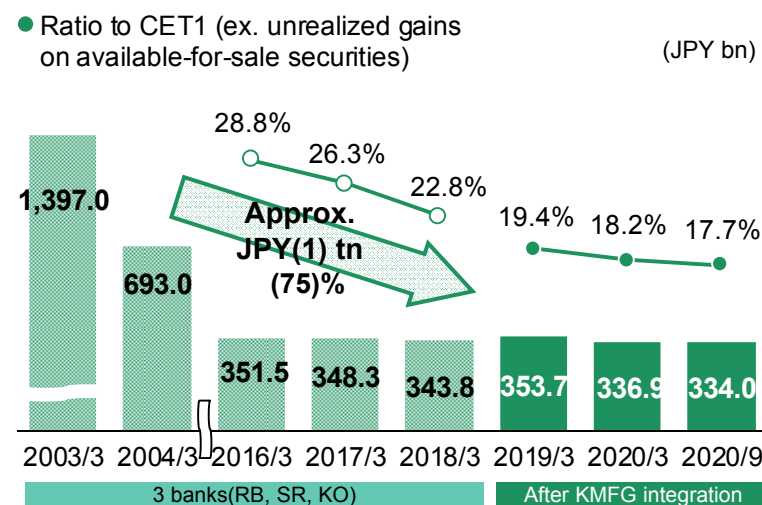
- Unrealized gains/(losses) in 3 assets (4)+(9)+(12)
'19/3 +JPY2.4 bn ⇒ '20/3 JPY(6.9) bn ⇒ '20/9 JPY(1.2) bn

- CLO: Zero

Status of policy-oriented stocks held

- Balance of listed stocks disposed in 1H of FY2020 (acquisition cost basis): JPY2.8 bn, Net gain on sale: JPY4.1 bn (HD consolidated: JPY2.4 bn) Breakeven Nikkei average: Approx. 7,300 yen
- 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.
 - Plan to reduce JPY30.0 bn level in 3 years from Mar. '20
 - Aim to reduce the balance to 15% level of the CET1 capital*2

[Stock holdings]



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

*2. Excluding unrealized gains on available for sale securities

Capital Adequacy Ratio

HD
Consolidated

- CAR (Domestic std.) and CET1 ratio (International std.) as of Sep. 30, 2020 were 11.49% and 13.17%, respectively, maintaining sound capital adequacy level

Domestic standard				
(JPY bn)		2020/3	2020/9	Change
Capital adequacy ratio (1)		11.17%	11.49%	+0.32%
Total capital (2)		1,947.0	1,983.1	+36.1
Core Capital: instruments and reserves (3)		2,012.4	2,047.5	+35.1
Stockholders' equity (4)		1,733.4	1,765.1	+31.6
Adjusted non-controlling interests (5)		221.1	221.0	(0.1)
Reserves included in Core Capital (6)		29.0	42.0	+13.0
Subordinated loans and bonds subject to transitional arrangement (7)		60.4	49.5	(10.9)
Core Capital: regulatory adjustments (8)		65.3	64.3	(1.0)
Risk weighted assets (9)		17,427.7	17,252.5	(175.2)

■ Change in total capital

● Stockholders' equity

+31.6 bn

• Net income attributable to owners of parent

+56.3 bn

• Interim dividend

(24.1) bn

■ Change in RWAs

● Investment Trust

(180.7) bn

(Decrease in ETFs/Equity investment trust)

- Group banks, Bank holding company

Domestic standard	Resona (Consolidated)	Saitama Resona (Non-consolidated)	KMFG (Consolidated)
Capital adequacy ratio	10.89%	14.66%	8.33%

(Reference) International standard				
(JPY bn)	2020/3	2020/9	Change	
Common Equity Tier1 capital ratio (10)	12.28%	13.17%	+0.89%	
Excluding net unrealized gains on available-for-sale securities (11)	10.54%	10.73%	+0.19%	
Tier1 capital ratio (12)	12.52%	13.39%	+0.87%	
Total capital ratio (13)	13.06%	14.01%	+0.95%	
Common Equity Tier1 capital (14)	2,154.7	2,304.8	+150.0	
Instruments and reserves (15)	2,232.9	2,379.3	+146.4	
Stockholders' equity (16)	1,733.4	1,765.1	+31.6	
Net unrealized gains on available-for-sale securities (17)	306.1	426.9	+120.7	
Adjusted non-controlling interests (18)	178.7	174.5	(4.1)	
Regulatory adjustments (19)	78.1	74.5	(3.6)	
Other Tier1 capital (20)	40.9	39.9	(1.0)	
Tier1 capital (21)	2,195.6	2,344.7	+149.0	
Tier2 capital (22)	95.4	108.6	+13.1	
Total capital (Tier1+Tier2) (23)	2,291.1	2,453.3	+162.1	
Risk weighted assets (24)	17,533.4	17,499.5	(33.9)	

(Reference)

- Trial calculation based on the finalization of Basel 3
CET1 ratio: Approx. 9.1%*
(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-sales securities as of Sep. 30, 2020 reported as (11) in the above table

Earnings Targets for FY2020

HD Consolidated
Total of Group Banks

HD consolidated

(JPY bn)	Full-year	Change from original target	YoY change
Net income attributable to owners of parent (1)	120.0	-	(32.4)
KMFG *1 (2)	3.0	-	
Difference (3)	14.5	-	

Common DPS

	DPS	YoY Change
Common stock (annual) (4)	21.0 yen	-
Interim dividend (5)	10.5 yen	-

Total of group banks

(JPY bn)	Total of group banks		Resona Bank		Saitama Resona Bank		KMFG (group bank total)	
	Full-year	Change from original target	Full-year	Change from original target	Full-year	Change from original target	Full-year	Change from original target
Gross operating profit (6)	581.0	-	336.5	-	111.5	-	133.0	-
Operating expenses (7)	(395.0)	+2.5	(209.5)	-	(76.0)	-	(109.5)	+2.5
Actual net operating profit (8)	186.0	+2.5	127.0	-	35.5	-	23.5	+2.5
Net gains on stocks (including equity derivatives) (9)	23.5	-	17.5	-	3.5	-	2.5	-
Credit related expenses, net (10)	(42.0)	-	(22.0)	-	(7.5)	-	(12.5)	-
Income before income taxes (11)	154.5	+2.0	118.0	-	27.0	-	9.5	+2.5
Net income *2 (12)	109.0	+1.5	83.5	-	19.0	-	6.5	+1.5

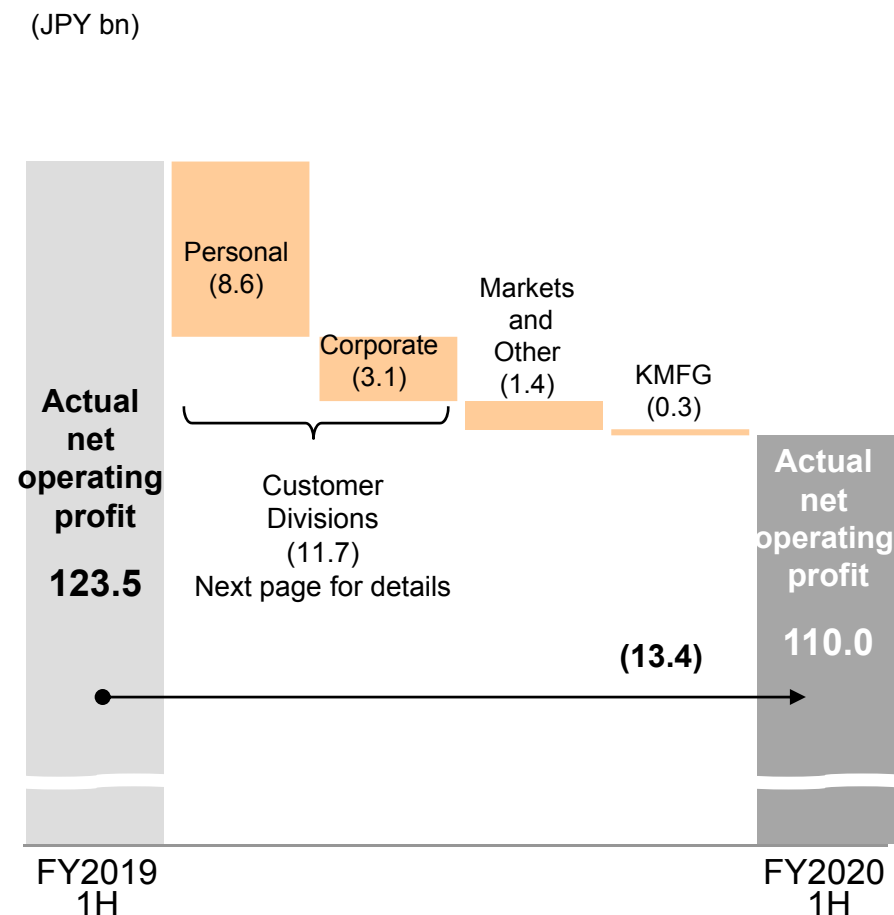
*1. Applied HD's 51% stake to the KMFG's net income guidance

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

(Reference) Outline of Financial Results of Each Segment

HD
Consolidated

(JPY bn)		FY2020 1H	YoY Change
Customer Divisions	Gross operating profit (1)	220.6	(12.4)
	Operating expense (2)	(148.2)	+0.7
	Actual net operating profit (3)	72.3	(11.7)
Personal Banking	Gross operating profit (4)	94.8	(8.9)
	Operating expense (5)	(76.1)	+0.3
	Actual net operating profit (6)	18.6	(8.6)
Corporate Banking	Gross operating profit (7)	125.7	(3.4)
	Operating expense (8)	(72.0)	+0.4
	Actual net operating profit (9)	53.6	(3.1)
Markets and Other	Gross operating profit (10)	26.5	(0.4)
	Operating expense (11)	(2.9)	(0.8)
	Actual net operating profit (12)	23.7	(1.4)
KMFG	Gross operating profit (13)	69.1	(2.4)
	Operating expense (14)	(55.2)	+1.9
	Actual net operating profit (15)	13.8	(0.3)
Total	Gross operating profit (16)	316.3	(15.2)
	Operating expense (17)	(206.4)	+1.7
	Actual net operating profit (18)	110.0	(13.4)



Definition of management accounting

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

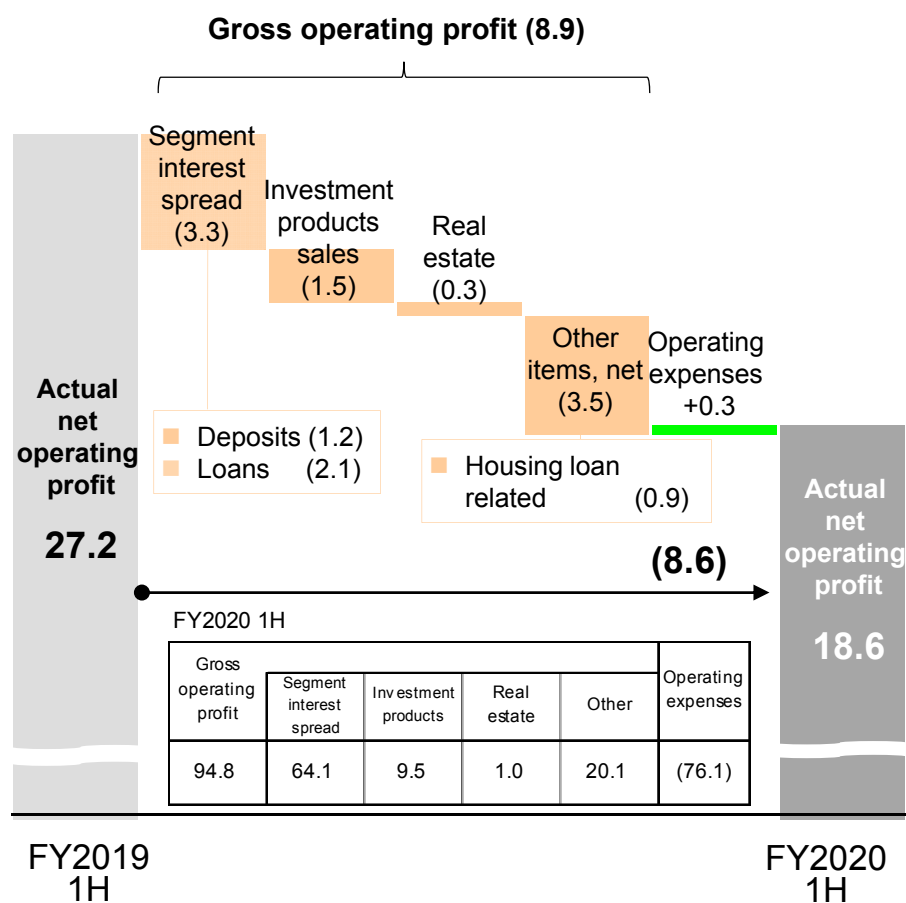
(Reference) Outline of Financial Results of Customer Divisions

HD Consolidated
(exclude KMFG)

Personal Banking Segment

■ Actual net operating profit : Down JPY8.6 bn, YoY

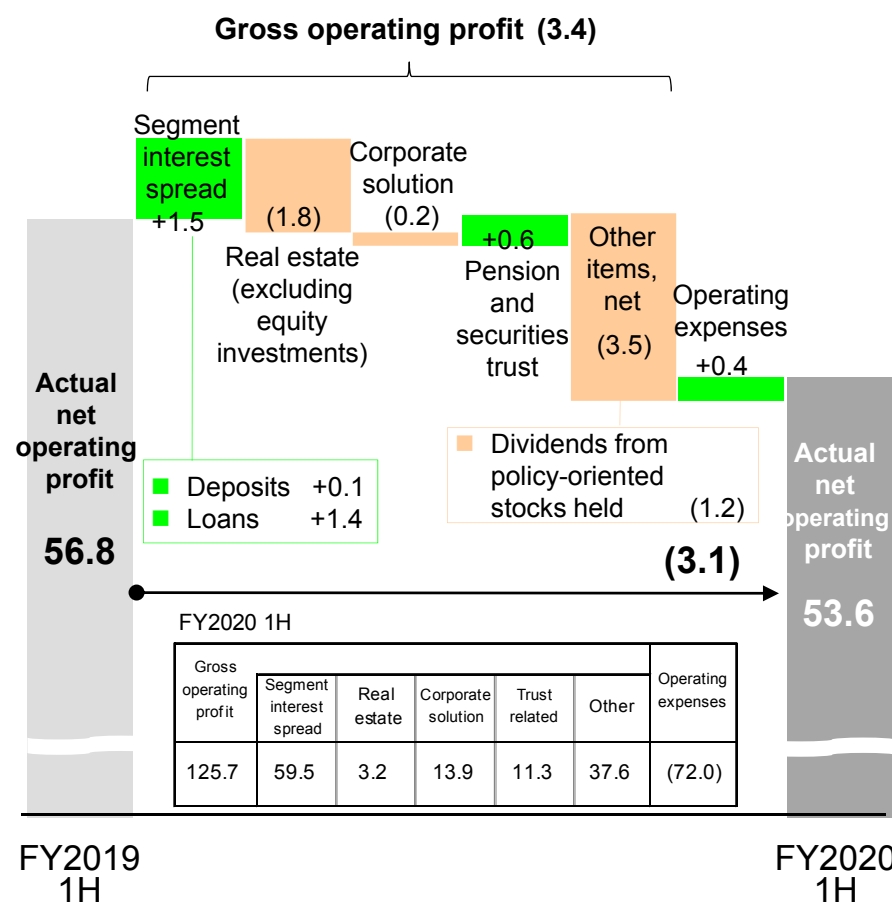
(JPY bn)



Corporate Banking Segment

■ Actual net operating profit : Down JPY3.1 bn, YoY

(JPY bn)



**Outline of Business Results for 1H of FY2020
and Updates on Major Businesses**

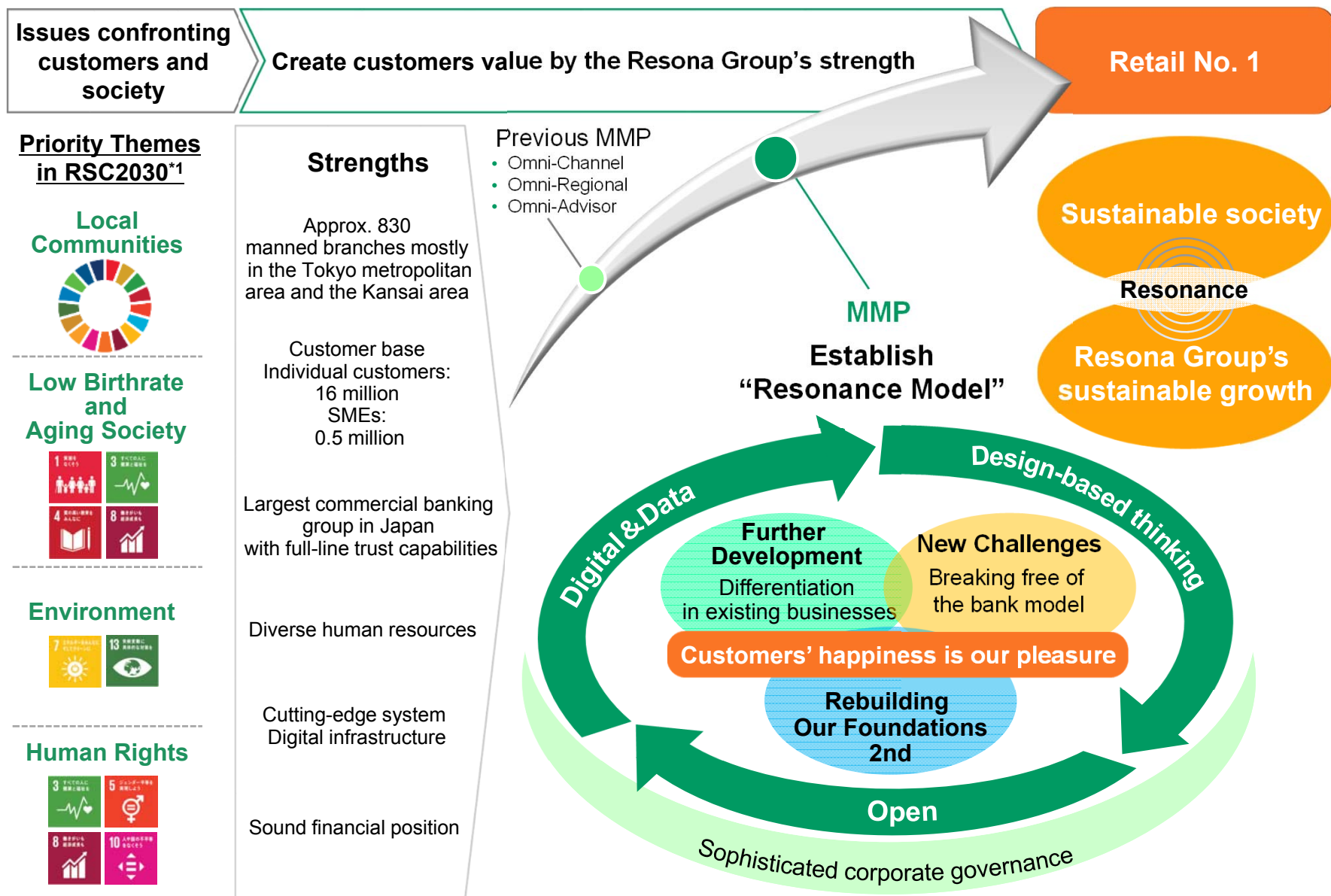
**Initiatives for Sustainable Growth
~Looking ahead for “with or after COVID-19 era” ~**

Direction of Capital Management

ESG Initiatives

Reference Material

For Becoming the “Retail No. 1”



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

KPIs

		FY2022
Realize medium- to long-term income structure reform	Net income attributable to owners of parent	JPY 160 bn
	Consolidated fee income ratio	Over 35%
	Consolidated cost income ratio	60% level
	ROE ^{*1}	8% level
	CET1 ratio ^{*2}	10% level
Realize a sustainable society	ESG index selected by GPIF ^{*3}	Aim to be adopted for all indexes

[FY2022 assumed conditions : Overnight call rate (0.05)%, Yield on 10Y JGB (0.05)%, Nikkei 225 23,000 yen]

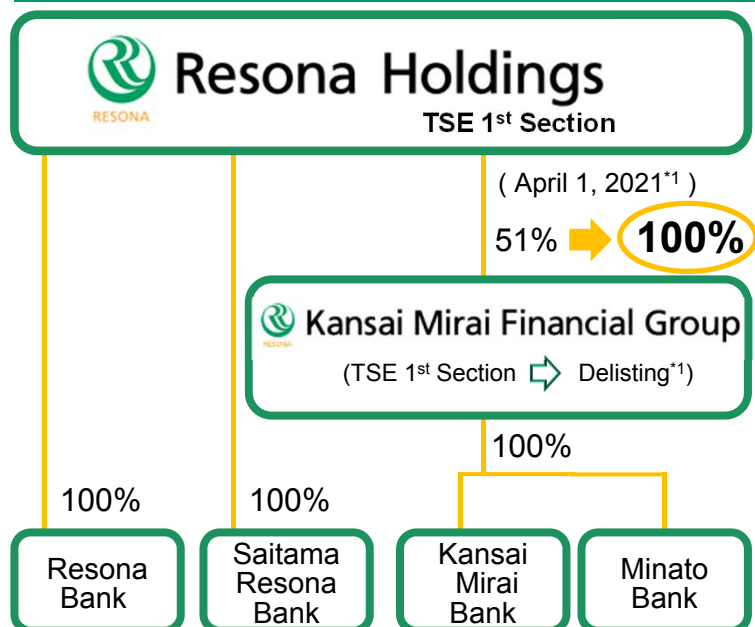
*1. Net income / Total shareholders equity (simple sum of the balance at the beginning and the end of the term/2)

*2. Based on the finalization of Basel 3. Exclude unrealized gains on available-for-sale securities

*3. FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index, S&P/JPX Carbon Efficient Index

Overview of the Transaction to Make KMFG a Wholly-owned Subsidiary

On April 1, 2021, KMFG to become a wholly-owned subsidiary of Resona HD



- To provide shareholders of KMFG with different alternatives, while controlling dilution of EPS of the Resona shares, steps below will be performed

(1) Tender Offer*1

November 11 ~Dec 9, 2020	Acquire the KMFG shares at JPY500 per share
-----------------------------	---

(2) Share Exchange*1

Effective on April 1, 2021	Conduct simplified share exchange. For the shares that have not been tendered in the Tender Offer, will be exchanged for HD shares with share exchange ratio 1.42 (Number of HD shares required per 1 share of KMFG)
-------------------------------	--

(3) Acquisition of Treasury Shares*1

Proceed after 100% share acquisition	Acquire treasury shares to restrain dilution of EPS due to the share exchange
--	--

Increase in shareholders value

- The impact of making KMFG a wholly-owned subsidiary is nearly neutral in terms of CET1 ratio*2
 - Continue to make efforts to further expand shareholder returns while considering such factors as the balance between financial soundness and profitability ,and opportunities for growth investments
- Neutralize dilutive effect on EPS from share exchange
 - Flatten EPS by share acquisition
- Increase in BPS
 - Net asset value of KMFG to be acquired > Acquisition value

*1. For more details, please see the press release on November 10, 2020, "Notice Regarding the Execution of the Share Exchange Agreement (Simplified Share Exchange) for Resona Holdings, Inc. to Make Kansai Mirai Financial Group, Inc. a Wholly-Owned Subsidiary"

*2. Based on the finalization of Basel 3 excluding unrealized gains on available-for-sale securities

Background and Purposes of Making KMFG a Wholly-owned Subsidiary

- Prolonged negative interest rates and the competitive environment surrounding banks due to the participation in financial business by other industry players as well as the ongoing spread of COVID-19 have been drastically changing the business outlook of regional banks
- HD believes that it is the mission for the group to further extend commitment to Kansai region as well as supporting regional economies and customers, under the COVID-19 situation. Since strengthening the group's management at an accelerating pace would be key to achieve the mission, HD will make KMFG a wholly-owned subsidiary

Further commitment to Kansai region as Resona group

- **Kansai region, the home market for the group, is an area where economic activities are expected to be further vitalized. HD and KMFG are fully committed as a group to grow together with the area**
 - Robust growth to be achieved by distinctive marketing strategies and styles of Resona group banks

Strengthen group management

- **Strengthen group management to support customers and regional society by taking into account the potential impacts from the long-lasting COVID-19 situation**
 - Accelerate achievement of "Retail No.1" as Resona group
 - Strengthen capital base and improve return on assets (ROA) by reducing profit outflow outside Resona Group

Accelerate integrated management through strengthening corporate governance

- **Ensure to accomplish the current mid-term business plan**
 - Execute plans as a group to achieve group synergies of JPY11.0 bn (Expected when the mid-term business plan was released) by the end of FY2022
 - **Promote further cost reduction by optimizing management resources**
 - Slim down the headquarters functions by integrating operations of HD and KMFG
 - Further optimize the Group's channel network
 - Create an efficient operation structure ⇒ accelerate personal relocation beyond entities
- ⇒ Promptly establish an executive committee of the Group to discuss specific measures to be implemented

Changing customers' issues
under COVID-19 pandemic

- ✓ Growing customer awareness of the need for solutions for asset and business succession
- ✓ The need to review our business strategies

Provide customers with succession-related solutions tailored to accommodate changes in their value systems

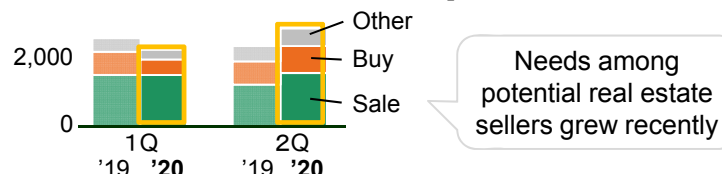
[KPI] Succession-related income*1 : FY'22 JPY39.0 bn
(Approx. +JPY19.0 bn from FY'19)

1H of FY'20 JPY7.8 bn
(JPY(2.6) bn, YoY)

Potential needs for business succession

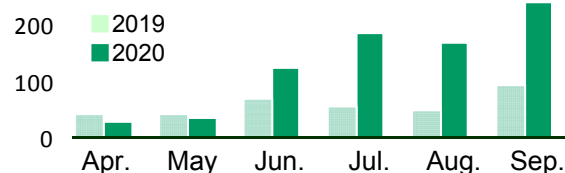
- Approx. 80% of our customers being interviewed*2 are considering some sort of succession
 - Of these, approx. 20% have already considered succession to individuals outside family members, M&A or other solutions
- Approx. 10% of our customers being interviewed*3 feel a need for some sort of real estate-related solution

[# of leads on real estate-related deals]



Steady growth in the showings of packaged succession trust products

[# of new contracts of My Trust, Heart Trust]



Reinforcing relevant staffing

Specialists

- M&A, PB, Real estate:
Mar. '20 467 staffs ⇒ Sep. '20 512 staffs

Resona's entire workforce includes:
FP 1st grade: Approx. 1,600, Real estate notary: Approx. 5,500

Digital

- Attending online customer visits and holding webinars

New solution lineup

- Establish an investment subsidiary specializing buyout fund management (scheduled for 2H of FY2020)
 - Establish a fund worth JPY10.0 bn
 - Acquire a majority stake to promote the smooth business succession of SMEs
- Trust for securing real estate repair funds (*My Trust*) (Oct. '20~)
 - Support real estate leasing businesses to enable them to stably continue operations and execute smooth successions

The first of its
kind in Japan

*1. Income from M&A, real estate excluding equity and succession-related transaction (approx. 15,000 corporations) *2. RB's corporate customers (Jun. - Sep. '20; approx. 22,000 corporations) *3. RB's corporate customers (Jun. - Jul. '20; approx. 22,000 corporations)

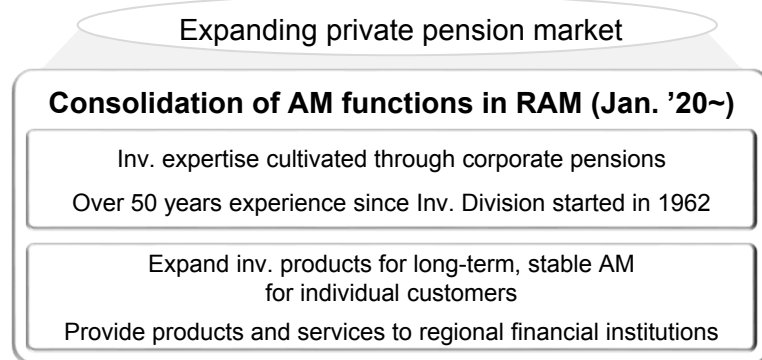
Changing customers' issues
under COVID-19 pandemic

- ✓ Growing need for stable asset management in the uncertain financial market
- ✓ Increasing interest for asset formation for the future

Long term support to eliminate customers concern for the future

[KPI] Balance of AUM*1 (RAM*2) : Mar. 31, '23 JPY24.0 tn
(Approx. +JPY1.4 tn from Mar. 31, '20) Sep. 30, '20 JPY28.1 tn
(+JPY5.4 tn from Mar. 31 '20)

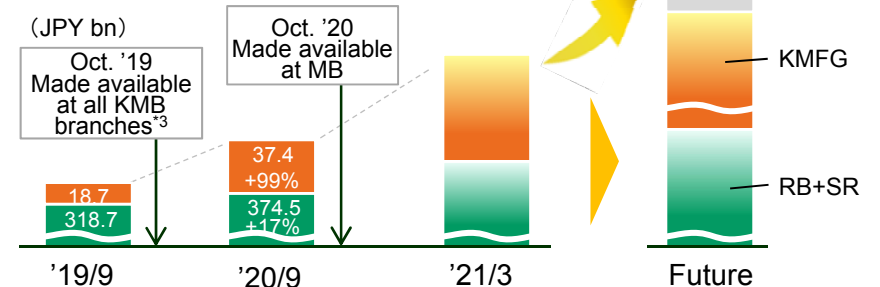
Apply investment know-how for professionals to individual customers



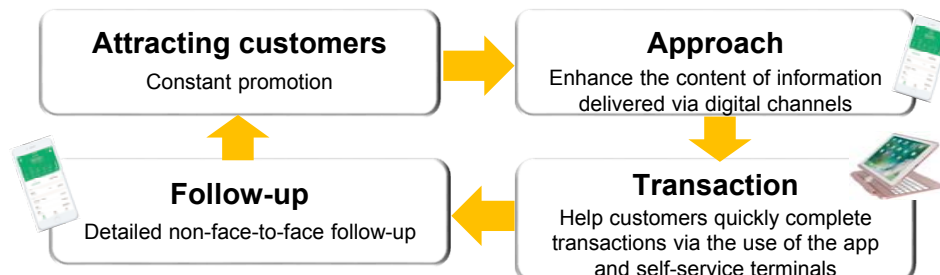
Resona Fund Wrap (⇒p59) meets customers' needs

- Making FW available at Group banks while looking to expand the scope of outlets to include other regional financial institutions

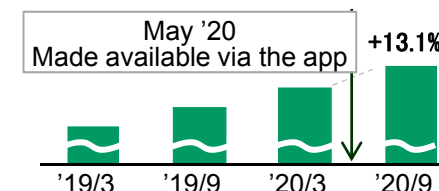
[Balance of FW (Individual)]



Business development aimed at making our solutions for long-term and diversified investment, as well as asset formation, available via both digital channels and branch counters



- Asset under iDeCo: JPY102.7 bn (Sep. '20)



*1. Calculated using the fair value-based balance of assets at the end of month *2. Resona Asset Management
*3. Former KU branches, in addition to former KO branches started handling FW

Changing customers' issues
under COVID-19 pandemic

- ✓ Need for stable cash flow and strengthened financial base
- ✓ The need to adapt to a new normal and review business structure in light of changes in the business environment

Provide diverse solutions aligned with growing stage of each customer

[KPI] Balance of loans to SMEs : Mar. 31, '23 JPY14.6 tn
(Approx. +JPY0.8 tn from Mar. 31, '20)

Sep. 30, '20 JPY14.4 tn
(+JPY0.6 tn from Mar. 31, '20)

Grasp and analyze customers issues

- More than 30% of our customers being interviewed*1 are considering the review of their business structures

Omni-Advisor

Identify issues &
deliver value-
added services



Utilize SFA*2

Accumulate data &
propose optimal
solutions



[# of companies that name major
banks as their main banks*3]

(thousand)

Resona

68

Mega
bank A

63

Mega
bank B

79

Mega
bank C

99

Provide diverse solutions

Startup

Growth/Maturity

Transition

Startup support

Business succession (⇒p27)

BM, Consultation, IT support (⇒p33)

M&A, Real estate, Corporate pension,
Overseas business support (⇒p60)

SDGs support (⇒p44)

Response to needs for financing and strengthened financial base

Financing

- ✓ COVID-19 related loan origination*4
 - Of which, guaranteed by Credit Guarantee Corporation*4
- ✓ # of new commitment line agreement (1H FY'20, RB)
 - Of which, SMEs

Approx. JPY2.3 tn

Approx. JPY1.0tn

421(+110%, YoY)

242(+79%, YoY)

Approx. 3% growth in the number of
borrowers (RB+SR)
(*20/3 vs '20/9)

Enhance
capital
strength

- ✓ Encourage Fund(RB, KMB, MB)*5
- ✓ Subordinated loan (RB, KMB, MB)*6
- ✓ Fund for reconstruction and growth (SR)

Total JPY15.0 bn

Total JPY9.0 bn

Total JPY1.0 bn

Collaboration with Development
Bank of Japan
Flexibly accommodate customer
needs via solutions other than those
listed in the left

*1. RB's corporate customers (Jun. - Jul. '20; approx. 22,000 corporations) *2. Sales Force Automation *3 Source: TEIKOKU DATABANK, LTD. ('19)

*4. Based on reports from 4 group banks (Total of group banks from Mar. 10 to Oct. 2, 2020 based on the report from each bank)

*5. Sep. 30, '20~ *6. RB: Sep. 30, '20~, KMB and MB: Oct. '20~

Changing customers' issues
under COVID-19 pandemic

- ✓ Conventional preference for urban areas near train stations
⇒ Shift to single-family housing in suburban areas
- ✓ Growing demand for solutions to address future anxiety regarding health crisis or disasters as well as emerging needs for non F2F transactions under the new normal in customer lifestyles

Provide flexible solutions for steady housing loan need

[KPI] Balance of housing loan : Mar. 31, '23 JPY13.8 tn
(Approx. +JPY0.9 tn from Mar. 31, '20) Sep. 30, '20 JPY13.0 tn
(+JPY0.1 tn from Mar. 31, '20)

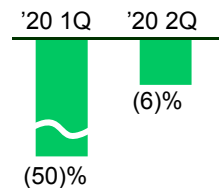
Steady needs for residential housing loan

- Constantly strong needs among those seeking to acquire single-family housing
[Deals closed for the purchase of single-family housing or 2nd-hand condominiums*1 (YoY changes)]

Period	YoY changes (%)
'20 1Q	(11)%
'20 2Q	+2%
Second-hand condominiums	(11)%
Single-family housing (2nd-hand and newly built)	+10%
- Loans furnished in 1H of FY'20 totaled more than JPY600 bn, constantly extending a robust volume of loans by capturing needs among purchasers of single-family housing
[Breakdown of loans furnished in 1H of FY'20 by property type (RB+SR)]

Property type	Percentage
Single-family housing	64%
Condominiums	31%
- In 2Q, housing loan demand recovered remarkably from stagnation in 1Q
 ➢ # of preliminarily applications for housing loans:
 1Q: (5)% YoY, 2Q: +46% YoY

[# of new condominium units sold*2 (YoY changes)]



Differentiation by High-value-added products

- Danshin Kakumei*: Provide coverage for 3 major diseases as well as 16 types of other diseases in addition to injuries and conditions requiring nursing care
- Natural disaster support option: Reduce burden on borrowers affected by natural disasters
- Anshin Kakumei*: Reverse mortgage type housing loan

Enhance convenience through digitalization

- E-contract service: # of contracts using the service grew threefold, YoY
 - Make the service available at all branches (RB)
 - Reduce time necessary for procedures
⇒ Allocate more time to consulting

Multifaceted transactions

- Ratio of customers who installed the Group App: Approx. 80%*3
- Average number of products in transaction: 1.7 times

With HL
4.7

vs

No HL*4
2.7

*1. Source: Real Estate Information Network for East Japan (the Tokyo metropolitan and Kinki areas)

*2. Source: Real Estate Economic Institute Co., Ltd. (the Tokyo metropolitan and Kinki areas)

*3. Customers who sought consultations at Loan Plazas *4. Comparison with potential II and III customers (as of Sep. 30, '20, RB+SR+KMB)

Further
Development

X

New
Challenges

Omni-Channel (1)

Changing customers' issues
under COVID-19 pandemic

- ✓ Want to have best financial consultation to reduce future anxiety
- ✓ Apps offered by banks are typically complex and unfriendly to users though want to have an easy operation at home

Provide customers with best solutions “anytime” “anywhere”

[KPI] Group App downloads : Mar. 31, '23 5 million

Sep. 30, '20 2.95 million
(+0.75 million from Mar. 31, '20)

Integrate face-to-face and digital channel

Face-to-face channel

Approx. 830 manned branch, largest scale in Japan

Simultaneously enhance customer convenience
and cost reduction

- ✓ Branches represent an important contact point with customers and provide a place for consultation
- ✓ Flexible branch management, optimize group channel

Digital channel

Group App downloads to 5 million

- ✓ Resona Group App is growing to the main channel
- ✓ Expand our foundations via open banking (e.g. Deliver services via Mebuki FG and MB)

Share information

Data utilization

- ✓ Provide proposals in a seamless and consistent manner via all channels
- ✓ Real-time integration of face-to-face data and digital data

- Resonance between “Face-to-face” and “Digital” through DX

- “Digital Transformation Stock Selection (DX Stock) 2020”



Face-to-face channel

Simultaneously enhance customer convenience and cost reduction

- Develop area operation and optimize each branch's mission
 - Optimize the mission and staffing of each branch in light of market characteristics

Reorganize approx. 260 RB branches by spring '22

- Completed the reorganization of RB's branch areas in Oct. '20, Optimized missions of 30 branches

Ex. RB Shibuya /Meguro area

Shibuya br.
Core branches

Nakameguro br.
Focus on transactions with individual customers

- Reform of branch cost structure
 - Downsize and replace branches while optimizing branches housed in leased properties
 - Smaller headcounts by utilizing DX
 - Tablets, Self-service terminals, DSO
 - ⇒ Integrate consulting and procedures (⇒p38)
- Optimize channel on group basis
 - Facilitate intragroup collaboration and operational streamlining via joint branch operations involving multiple Group banks

Approx. 90 branches*1 to be consolidated into joint branches or BinB

Accelerate and expand optimization by making KMFG a wholly-owned subsidiary

- Group joint branches : 2 locations

Ex. RB Takatsukitonda br.

KMB Tonda br.

- KMFG BinB : 19 locations

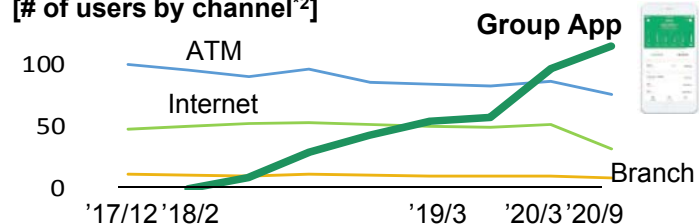
Digital channel

Resona Group App

- The app becomes the main transactional channel

Exceeded 3 million downloads (Oct. '20)

[# of users by channel*2]



[Ratio of App users*3]

Installment time deposits

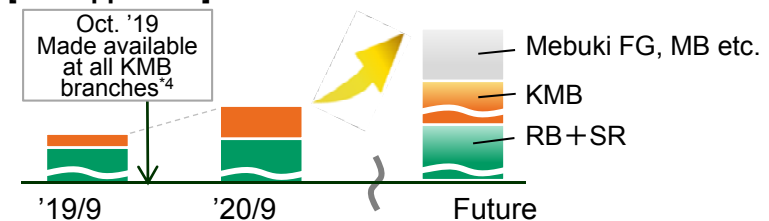
78%

Foreign currency deposits

89%

- Expand our digital platforms via open banking
 - Deliver services via Mebuki FG and MB via the use of open API

[# of App users]



- Expand function further

<Functions added in 1H>

International remittance

Foreign-language services (English, Chinese)

iDeCo application, Card loan application etc.

<Going forward>

Housing loans dedicated for App users, etc.

*1. On a group basis; during the medium-term management plan period

*2. Number of ATM users as of Dec. '17 as 100 (per day, RB)

*3. Number of new accounts by channel (as of Aug. '20)

*4. Former KU branches, in addition to former KO branches started handling Resona Group App

Settlement Business

Changing customers' issues
under COVID-19 pandemic

- ✓ Growing needs for cashless, non-face-to face and contactless settlement
- ✓ Across-the-board initiatives involving government agencies and private corporations to digitize business process

Reduce social cost and support for improving customers' productivity and convenience

[KPI] Settlement-related income : FY'22 JPY80.0 bn
(Approx. +JPY14.0 bn from FY'19)

1H of FY'20 JPY33.7 bn
(+JPY1.7 bn, YoY)

Provide individual customers with more convenient services

Debit card

- Standard with new accounts
(Integrated debit card with cash card, Visa payWave)
- # of debit card issued: 2.22 million as of Sep. '20, +0.21 million from Mar. '20
⇒ Target as of Mar. '23: 2.55 million
- Related income:
1H FY'20 JPY1.5 bn, +48%, YoY

RCP*1(⇒p58)

- Service for members
 - Shorter payment cycles and other advantages unique to the platform offered by a bank
 - Approx. 1,500 corporations, 15,000 stores planning to install (Sep. '20)
⇒ Target as of Mar. '23: 4,000 corporations
- Wallet app
 - Grant coupons and points to App users

Provide corporate customers with IT solutions

Business debit card

- Support the cashless transition in expense settlement and purchasing operations
 - Collaboration with JAL Online, a flight booking service for corporate users (Oct. '20~)

B2B cashless settlement platform

- IT support for B2B transaction
(Plan to release in FY'21)

Corporate and individual settlement data

Develop and utilize settlement data platforms

- Plans call for launching such services as transactional lending for corporate and individual customers

New
Challenges

Breaking Free of the Banking Model (1)

~Deliver New Value Employing New Ideas~

Reforms securing its agility and effectiveness employing CFT

Thoroughgoing use of a business approach
that starts with customer needs

Adapt to changes

Create new businesses

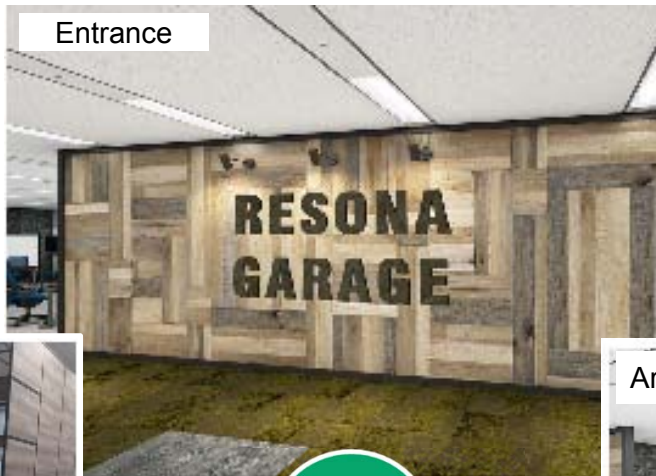
Rebuild our foundations

Launched “Resona Garage” an open innovation facility for supporting co-creation (Sep. '20~)

An agile business planning and
development structure that
transcends boundaries between
corporations and organizations

CFT X External insight
X Operational departments

Entrance



Unconventional ideas
through a new work style

Introduction of a location-free office
platform, work-sharing with IT firms
and co-creation of new value

Meeting area



Digital
&
Data

Design-
based
thinking

Open

Area with cafeteria



Breaking Free of the Banking Model (2)

New
Challenges

~Employ a Broad Range of External Relationships to Pursue Co-Creation~

Open platform:
Provide regional financial institutions with Resona's unique products & services as a platform

- Build win-win relationships through broader alliances with or without capital ties
- Upgrade and expand functions by co-creation with fintech and start-up businesses



*1. As of the end of Oct. '20

Eliminate discrepancy between profit and cost through reforms based on to customers' needs

Structural downward pressure on profits

Downward rigidity of costs

Challenge to destructive creation by new ideas and approaches

Nurture HR with expertise who can think and act in the best interest of customers (⇒p37)

Human Resources

Professionals

HR who can think and act in the best interest of customers

Multi-path personnel system

Recurrent training

Enhance customers' convenience and Bank's productivity (⇒p38)

Business Processes

Reconstruction by shifting mindsets and digitalizing

Sales Approach

A system in which all employees are involved in sales and consulting

Channel Network

Enhance customer contact points and reduce costs at the same time

Shrink existing systems and build next-generation systems (⇒p39)

Systems

(1) Break away from dependence on dedicated terminals solely used by financial institutions

(2) Make our systems available as open platforms

(3) Push ahead with structural reforms involving transition from legacy systems to open systems

Reform the human resource portfolio with an emphasis on diversity and specialization

Specialized professionals

Step up collaboration with and hiring of external human resources who have earned success in IT and other industries

HR who can think and act in the best interest of customers

In house college “Resona Academy” (Jul. ‘19~)

Multi-path personnel system

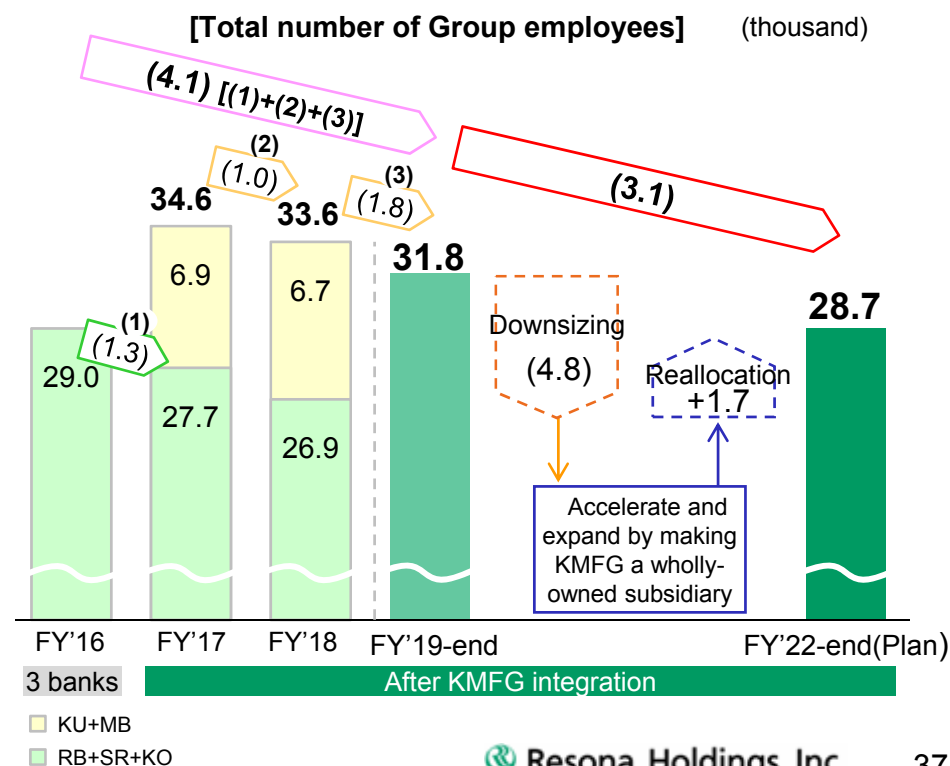
A total of approx. 20 distinct career paths models

Recurrent training

Assist all employees in their efforts to take on new career development challenges

Reallocate human resources to our fields of focus

- **Downsize to around 29,000 headcounts**
(natural decrease in step with retirement)
- **Total number of staffs equivalent to the number prior to the integration of KMFG**
 - Reduce total headcount by 3,100, (9)%
 - Raising productivity via channel reforms and branch digitalization
- **Reallocate human resources across the Group in a bold and flexible manner**
 - Strengthen fields of focus (succession, Omni-Channel, etc.)
 - Strengthen new businesses (digital, IT, etc.)
 - Optimize human resource allocation between KMFG and HD
- **Accelerate and expand downsizing and reallocation of human resources on a group basis by making KMFG a wholly-owned subsidiary**



Business Processes, Sales Approach, Channel Network

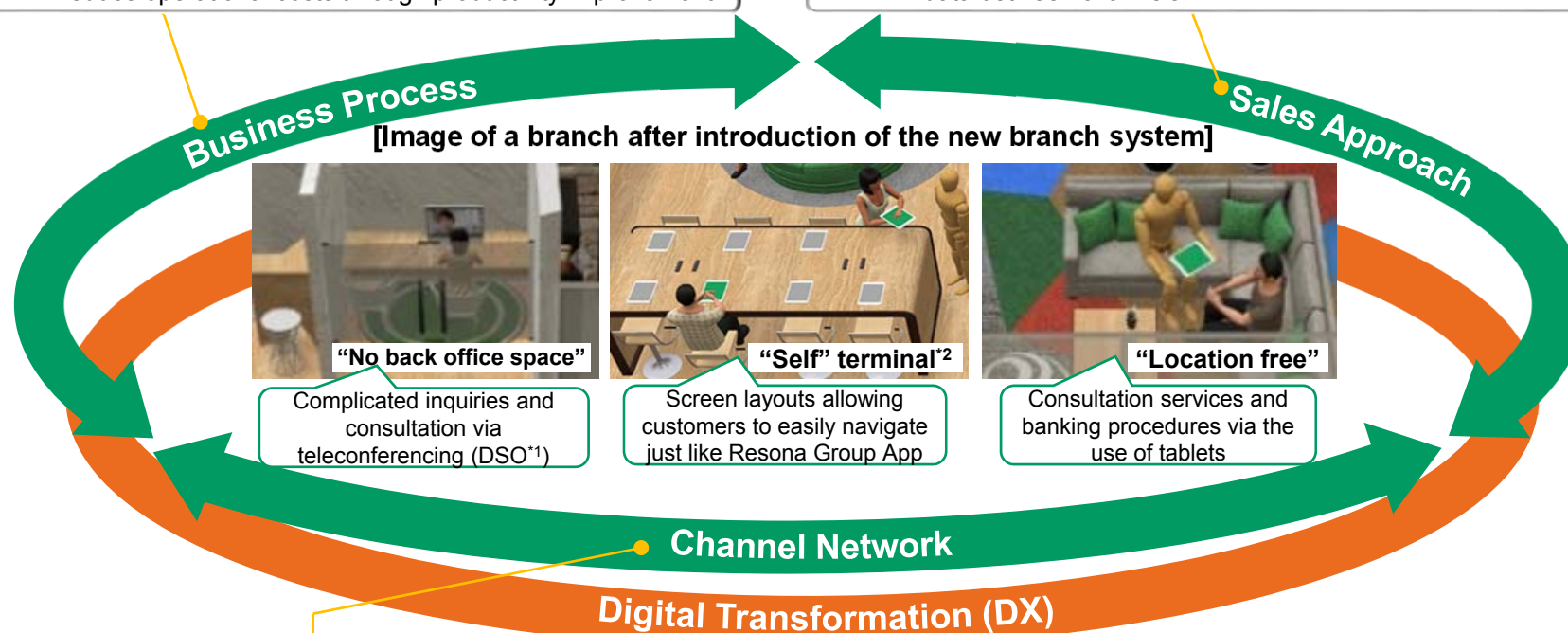
Strengthen the overall operation to solve customers issues in terms of both quality and quantity

Reconstruct by shifting mindsets and digitalizing

- Change the mission of the 10,000 administrative staff
- Reduce operational costs through productivity improvement

Transition to a system in which all employees are involved in sales and consulting

- Integrate digital data in real time
- Link data between channels



Enhance customer contact points and reduce costs at the same time

- Further development of area operation
- Reallocate the staff based on market potential
- Integrate bases that are located near each other while pursue downsizing according to each branch's mission
- Accelerate to enhance customers convenience and Group optimization by making KMFG a wholly-owned subsidiary

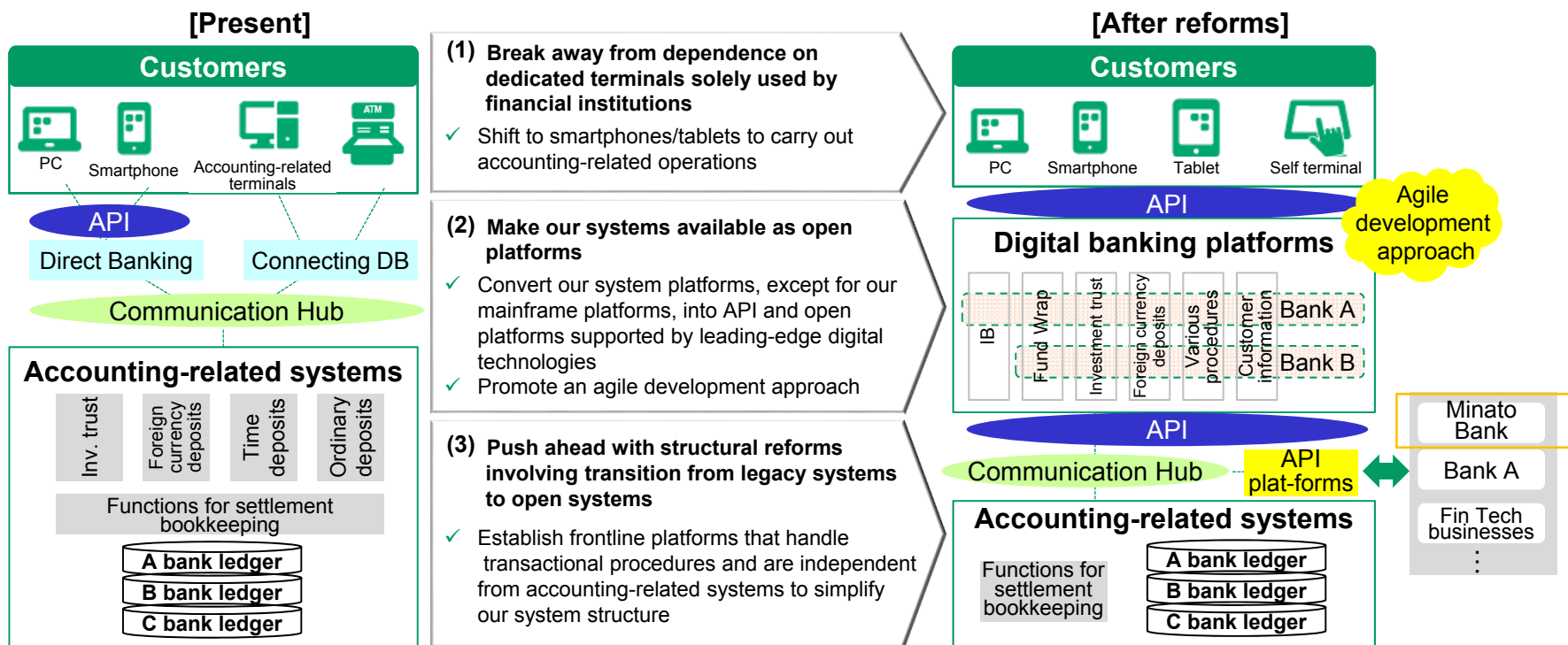
*1. Digital service office *2. To be introduced by the end of FY'20 (RB, SR)

Shrink existing systems with an eye to technological advancement and build next-generation systems

■ Structural system reforms

- Significantly reduce system-related costs for the entire Group
⇒ Shift more resources to strategic investment
- Greatly increase speed, flexibility and applicability in strategy implementation by using API

[Image of system related cost]



■ Integrate MB's systems in two phases, good progress as a test case for alliance with other companies by using API platform

Step 1 Unify customer service systems: Oct. '20 FW

Step 2 Fully integrate MB's and Resona's systems

Outline of Business Results for 1H of FY2020 and Updates on Major Businesses

Initiatives for Sustainable Growth
~Looking ahead for “with or after COVID-19 era”~

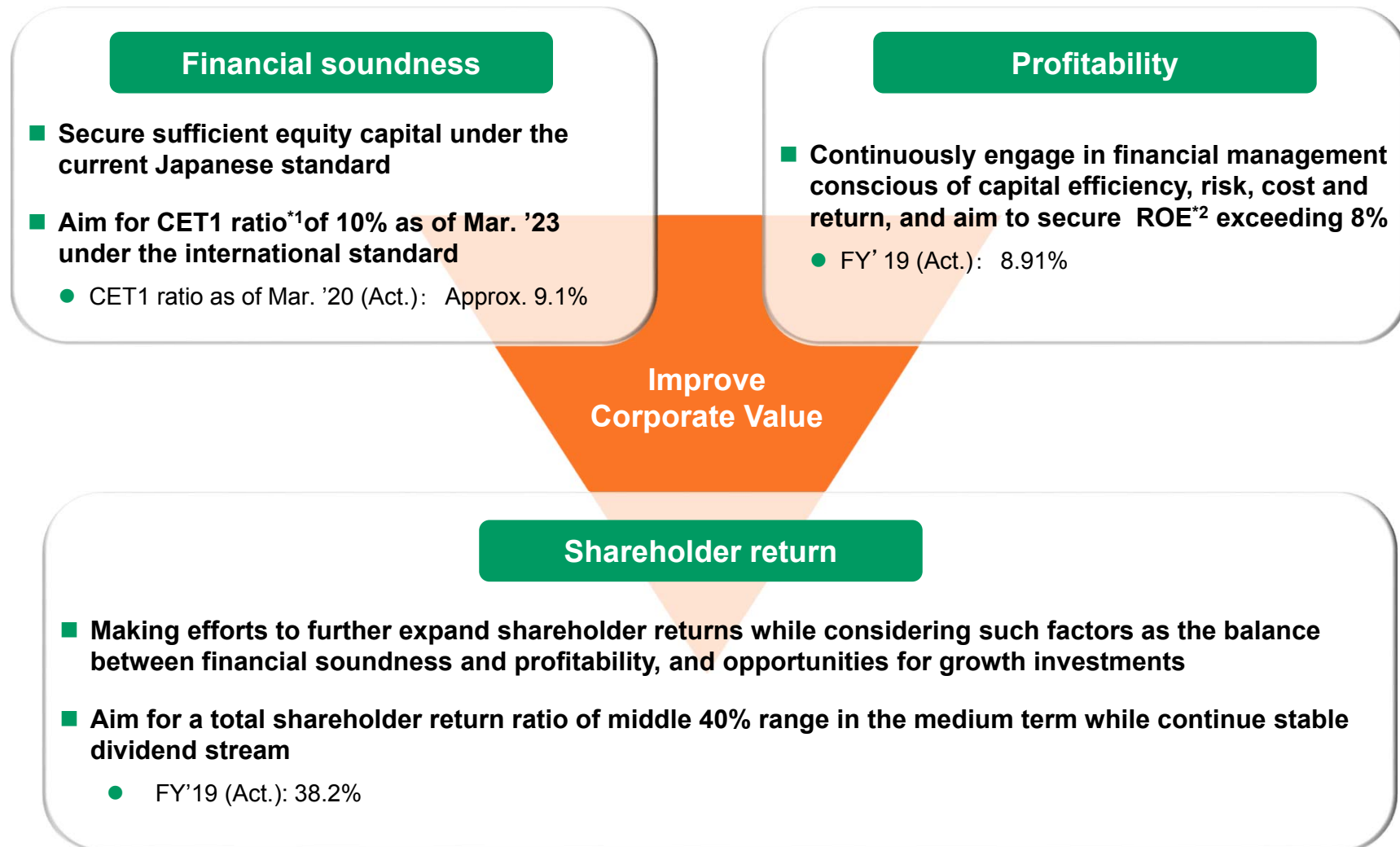
Direction of Capital Management

ESG Initiatives

Reference Material

Direction of Capital Management

- The impact of making KMFG a wholly-owned subsidiary is nearly neutral in terms of CET1 ratio*¹
⇒ Shareholder return policy of MMP remains unchanged



*1. Based on the finalization of Basel 3. Exclude unrealized gains on available-for-sale securities

*2. Net income / Total shareholders equity (simple sum of the balance at the beginning and the end of the term/2)

Outline of Business Results for 1H of FY2020 and Updates on Major Businesses

**Initiatives for Sustainable Growth
~Looking ahead for “with or after COVID-19 era” ~**

Direction of Capital Management

ESG Initiatives

Reference Material


E (Environment): Our Response to Global Warming & Climate Change

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



Reflect outcomes of discussions on risks and opportunities from climate change in the 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		<div>Winning the Minister of the Environment Award that is given only to businesses engaged in exemplary efforts</div> <div></div>
	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		
Expand the opportunities	Conserving the environment through our products and services	[Individual customers]	[Corporate clients]	<div>[CDP scores*1]</div> <div><div>Resona HD</div><div>B</div><div>Mizuho FG</div><div>B</div><div>MUFG</div><div>C</div><div>SMTH</div><div>C</div><div>SMFG</div><div>D</div></div>
		<ul style="list-style-type: none">✓ Nihon-no-Mirai (investment trust)✓ Optional support for those suffering damage due to natural disasters (housing loans)✓ Environment-friendly housing loans	<ul style="list-style-type: none">✓ Various environment-friendly loans✓ SDGs Consulting Fund✓ Facilitate the formation of environment-friendly real estate	

*1. CDP Report 2019

E (Environment): Provide Optimal Services in Light of the Status of Initiatives Undertaken by Customers

Initiatives to help customers expand their knowledge of climate change and other social issues

An introductory booklet on SDGs

An easy-to-read booklet explain an overview of SDGs and Resona's initiatives



The Significant Impact of SDGs on Businesses

A booklet to facilitate dialogue about impact of environmental and social issues to businesses



Initiatives to encourage customers to join efforts to address social issues

Private placement SDGs promotion bonds

Donate a portion of commission fees received from customers to support organizations pursuing cases related to SDGs, thereby meeting the needs of those who wish to support the realization of SDGs



Mirai E-us project "Mirai Earth"

Investment trust products designed to invest in stocks of eco-friendly tech companies worldwide or in green bonds



Initiatives to help customers identify and resolve latent issues

SDGs consulting fund

Financing products that provide customers with eligibility to receive on-the-spot consulting with Resona Research Institute free of charge



Private placement green bonds

Assist in fundraising for green projects, such as those aimed at curbing global warming, popularizing renewable energy and otherwise addressing environmental concerns

Our initiatives to address recommendations by Task Force on Climate-related Financial Disclosures (TCFD)

S (Social): “ Business & Innovation” + “Collaboration with Society”

Focus on helping resolve social issues through business and innovation

Local Communities



Low Birthrate and Aging Society



Asset and Business Succession

Loans for Individuals

Asset Formation

Omni-Channel

SME Loans

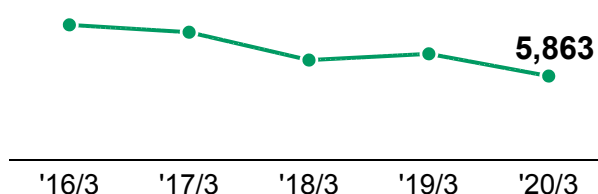
Settlement



Initiatives for a better society

Contribution for community

["Re: Heart Club"^{*1} members]



[Volunteer activity on natural disaster]

Supported people suffering from Typhoon Hagibis



[Employee donation campaign to help students pursue education]

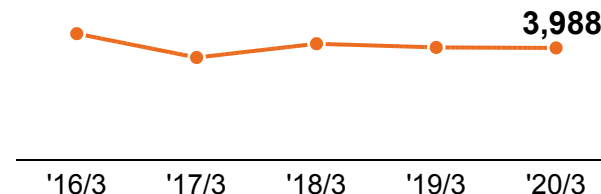
A campaign supported by donations from employees to financially assist students in their pursuit of education amid the COVID-19 pandemic

[A letter of gratitude from a student (excerpt)]

I am thankful for the heartfelt assistance I received from so many Resona staff. As it is hard to work part time due to the COVID-19 pandemic, I have been anxious about how to pay school expenses and meet other financial needs. Your assistance also relieved me of the emotional burden arising from these circumstances.

Initiatives for children who will lead a future society

[Resona Kids' Money Academy participants^{*2}]



[Resona Foundation for Future]

Offer support for children and working single parents in need of financial assistance



*1. The volunteer group which Resona Group's employees run

*2. Held during summer holidays, includes "Mirai Kids' Money Academy"

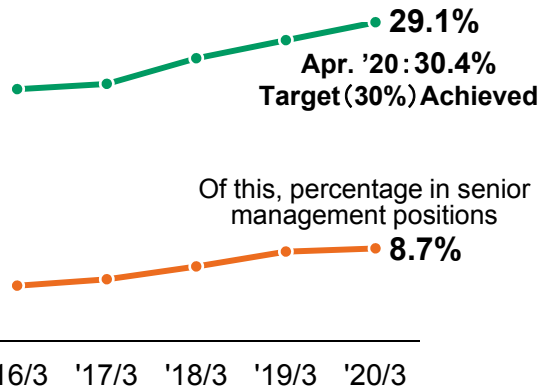
S (Social): Diversity & Inclusion

- Develop a personnel system enabling each employee to choose from work style options in light of their needs for striking a work-life balance
- Promote work style reforms aimed at empowering employees to operate more flexibly and achieve higher productivity in addition to helping women achieve career success and raising staff awareness regarding the pressing calls upon businesspeople, especially those who are fathers, to strike a balance between work and child rearing

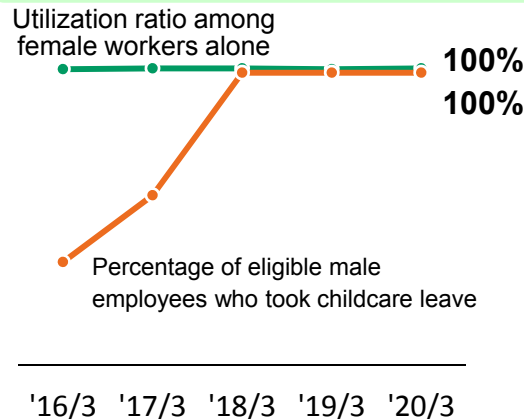
[Human Resource System]

	Employees	Smart employees		Partner employees
Scope of work	Open ended	Open ended	Limited	Limited
Working hours		Limited	Open ended	
Equal work/ Equal compensation : Same compensation for the same job grade Full time hourly wage conversion				
Shared core evaluation : Shared job performance grade (job class) and personnel evaluation reflecting relative intensity of job difficulty and responsibility				

Proportion of female line managers*1,2



Utilization ratio of programs granting childcare-related leave and otherwise allowing for cessation from work*2



Work style reform

- Expand the scope of employees eligible to work from home to include those at head office departments and all branches
- # of satellite offices is 89 locations*3



*1. Ratio of women to the total number of those in management positions or above charged with overseeing staff

*2. RB+SR *3. as of Sep. 30, '20

G (Corporate Governance): Sophisticated 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 Compensation Committee Audit Committee	<ul style="list-style-type: none"> Outside directors only
	<div> <div>Independent 6</div> <div>Internal 4</div> </div>		<ul style="list-style-type: none"> Introduced succession plan in 2007 and ensure objectivity by drawing on the advice of outside consultants
	<ul style="list-style-type: none"> Ratio of female directors: 20% 		<ul style="list-style-type: none"> Outside directors only
	<ul style="list-style-type: none"> Chairman does not concurrently serve as an executive officer, separating management supervision and business execution 		<ul style="list-style-type: none"> Introduced share benefit trust as performance based stock compensation program for officers in 2020 Majority of outside directors Introduced double report line system in 2016

Outside directors

Area of expertise of outside directors

■ Corporate management
 ■ Finance
 ■ Law
 ■ Marketing



Mitsudo Urano ■

Chairperson, Compensation Committee
Member, Audit 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)



Hidehiko Sato ■

Member, Nominating Committee
Member, Audit Committee

Attorney-at-law (Hibiki Law Office)
(Former National Police Agency Commissioner)



Chiharu Baba ■ ■

Chairperson, Audit Committee

(Former Deputy President of Mizuho Trust & Banking)



Kimie Iwata ■

Member, Nominating Committee
Member, Compensation Committee

(Former Deputy Director-General Human Resource Development Bureau Ministry of Labor,
Former Director & Executive Vice President of Shiseido)



Setsuko Egami ■

Member, Nominating Committee
Member, Compensation Committee

Professor, Faculty of Sociology, Musashi University

Internal directors



Kazuhiro Higashi

Chairman



Masahiro Minami

President and Representative Executive Officer



Mikio Noguchi

Executive Officer



Takahiro Kawashima

Member, Audit Committee

G (Corporate Governance): Initiatives for Corporate Governance Evolution

Our initiatives to improve the effectiveness of the Board of Directors' operations

Outside directors' meetings

- ✓ Outside directors deliberate on the results of the self-evaluation of the Board of Directors' operations

Free discussion sessions

- ✓ Utilize input from outside directors into such key activities as business strategies in a timely manner

(Main theme) Identification of issues to be addressed in the course of the formulation of the next medium-term management plan

Study sessions and onsite tours

- ✓ Facilitate understanding of the Resona Group's business operations via visits to branches and other bases as well as dialogue with frontline employees

Succession Plan (introduced in Jun. '07)

- Our mechanism for ensuring the succession of roles and responsibilities to be borne by executive officers
- The plan covers a range of individuals from candidates for Group bank presidents to new candidates for executive officers
- Candidates are classified by job rank and systematically undergo selection and training programs

Selection process

- Advice from external consultants
- Nominating Committee members attend each program
- Secure a structure for transparent and fair selection

Training process

Nurture individuals who embody Resona's distinctive strength

Ideal traits of executive officer candidates

Remuneration for directors and executive officers

■ Compensation system for executive officers

Position-based Compensation (Fixed cash compensation)	+	Annual incentive (Variable cash compensation)	+	Medium- to long-term incentives (Variable share-based compensation)
--	---	--	---	--

Annual incentive

Annually examine the status of specific key indices in terms of consistency with MMP targets

Corporate performance

Net income attributable to owners of parent

Fee income ratio

Cost income ratio

CET1 ratio

Individual achievements

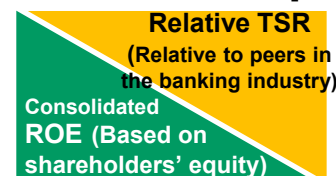
- ✓ Evaluate the status of initiatives aimed at helping realize SDGs

- ✓ Evaluate the status of medium- to long-term initiatives and the degree of accomplishment of annual targets

Medium- to long- term incentives

- ✓ Enhance linkage with shareholder value
- ✓ Encourage efforts employing medium- to long-term perspectives to improve corporate value

[Matrix-based evaluation based on two indices]



"Board Benefit Trust"

- ✓ Utilize a trust scheme
- ✓ Grant shares
- ✓ Enhance linkage with performance

ESG-Based Recognitions and Initiatives

Status of inclusion into ESG-based stock indices

[ESG indexes selected by GPIF
(domestic stock)]

Aim to be included in all of four indices during the current MMP period

FTSE Blossom Japan Index



S&P/JPX Carbon Efficient Index



MSCI Japan ESG Select Leaders Index

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



Our support for ESG-related initiatives at home and abroad



*1. Please refer to our corporate website for details⇒ <https://www.resona-gr.co.jp/holdings/english/sustainability/award/index.html>

Resona's Challenges Attracting Attentions from Outside

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

Highly evaluated for our initiatives to proactively facilitating digital transformation (DX)

- ✓ **Digital Transformation Stock Selection (DX Stock) 2020 (HD)**
 - Smartphone-driven business model for individuals
 - The reform of branch counter operations by mainly using semi-self-service terminals



Highly evaluated for our initiatives to develop and popularize products facilitating SDGs and to strengthen ESG investment

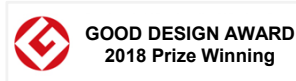
- ✓ **Principles for Financial Action for the 21st Century Winning the Minister of the Environment Award (HD, FY2018)**
- ✓ **Won a Bronze Award under the ESG Finance Award Japan program (investor category) (RAM, FY2019)**



Resona Group App outstanding design and user-friendliness



- ✓ **GOOD DESIGN AWARD 2018**
- ✓ **App Ape Award 2019**
- ✓ **App Annie Top Publisher Award 2020**



Winning awards to commend leading companies of diversity

- ✓ **Leading companies where women shine 2018 Winning the Prime minister Award (SR)**
- ✓ **Awarded the highest gold rating in the PRIDE Index (for four consecutive years)(HD)**
- ✓ **Obtained Platinum Kurumin (all group banks)**
- ✓ **Ranked #5 in 100 Best Companies Where Women Play Active Part 2020 *1 (HD)**



Ranked first in the Japan Pension Service's Customer Satisfaction Questionnaire Survey in terms of total customer satisfaction rating

- ✓ **Won the Most Excellent Award under the 2020 R&I Customer Satisfaction Award program (pension category) (RB) *2**



Earned customer support thanks to our strong consulting capabilities in such fields as asset formation

- ✓ **Nikkei's survey on Banks' Retail Capability**
[15th (2019) (Out of 114 banks surveyed)*3]

1st **Saitama Resona** 2nd **Resona** 5th **Kansai Mirai**

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

*2. https://www.r-i.co.jp/pension/news_flash/2020/03/news_flash_20200309_1_1.html *3. Reported on Nikkei Veritas in Sep. 29, '19

Outline of Business Results for 1H of FY2020 and Updates on Major Businesses

**Initiatives for Sustainable Growth
~Looking ahead for “with or after COVID-19 era”~**

Direction of Capital Management

ESG Initiatives

Reference Material

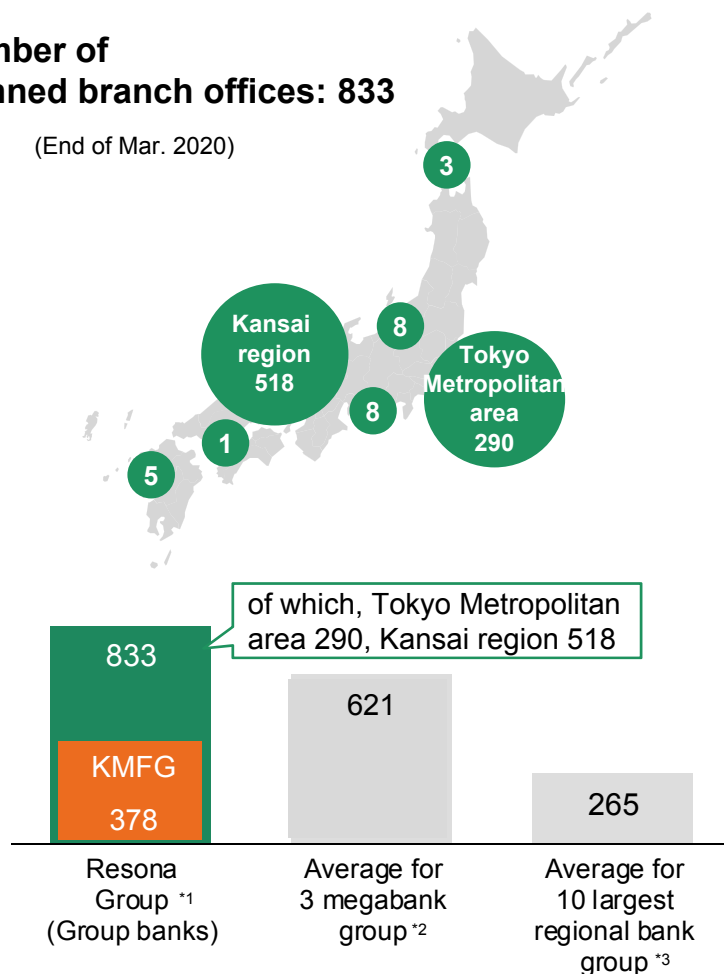
Resona Group at a Glance

- 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

Number of manned branch office

Number of manned branch offices: 833

(End of Mar. 2020)



Customer base and business scale

[Individual costumers (mil)]

16

[Corporate clients (mil)]

0.5

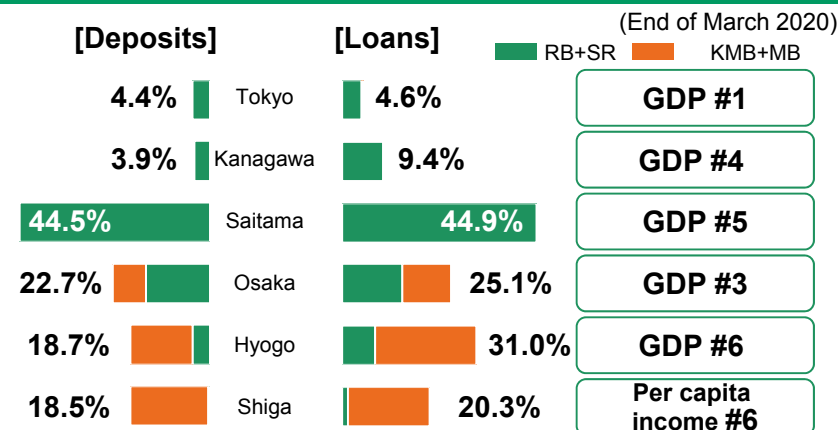
[Deposits (JPY tn)]

55

[Loans (JPY tn)]

38

Market share^{*4}



^{*1} As of Mar.31 2020 ^{*2} Megabank groups: MUFG BK+ MUTB, Mizuho BK+ Mizuho Trust, SMBC + SMBCTB, FY'19 Financial Statements

^{*3} 10 largest regional bank groups by consolidated assets (Fukuoka FG, Concordia FG, Mebuki FG, Chiba, Hokuoku FG, Shizuoka, Kyushu FG, Nishi-Nippon FHG, Yamaguchi FG, Hachijuni), FY'19 Financial Statements

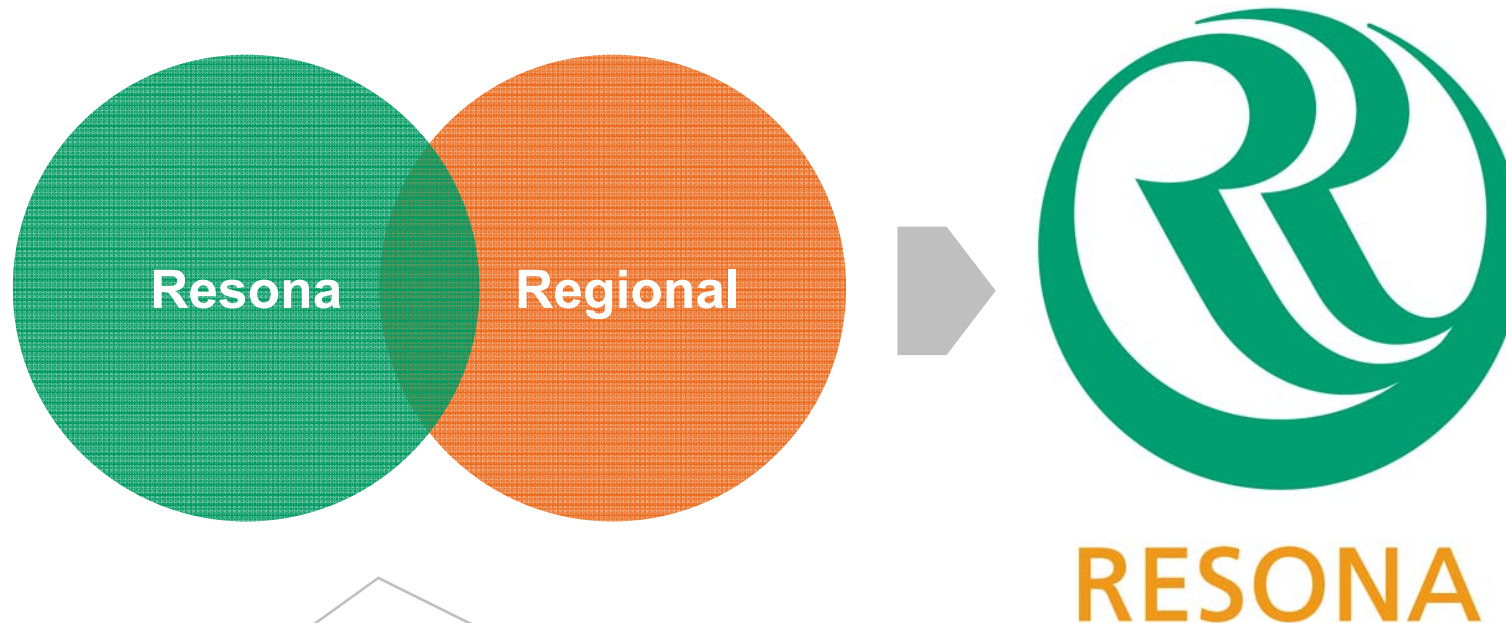
^{*4} Total of group banks, market share based on deposits, and loans and bills discounted by prefecture (domestically licensed banks from BOJ)

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 aim to establish "Resonance Model" by resonance between sustainable society and Resona Group's sustainable growth

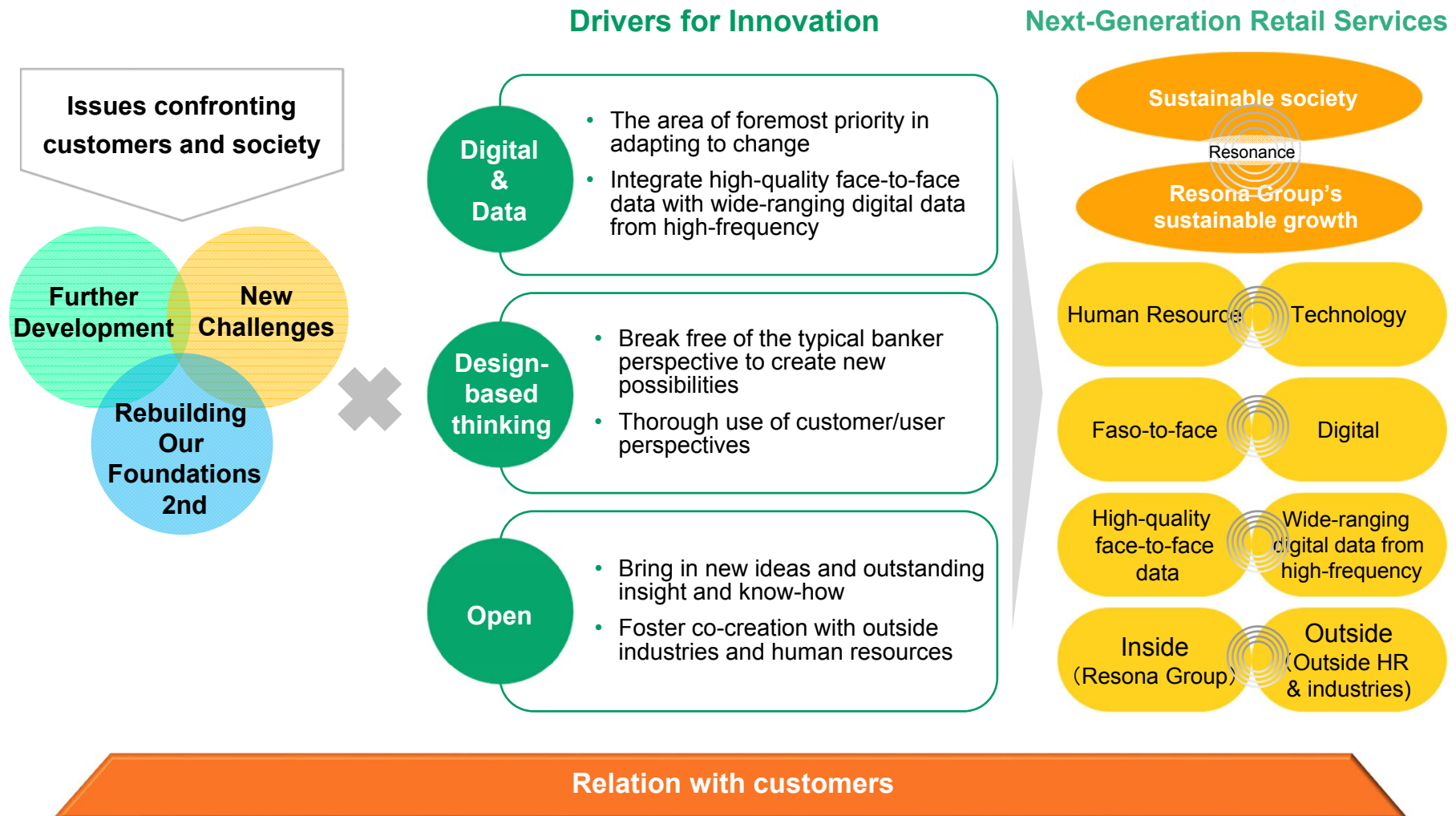
We attach great importance to customers' voice. By adopting the corporate name Resona, we want to express our desire to build stronger ties with communities and customers by "resonating" or "resounding" with them.



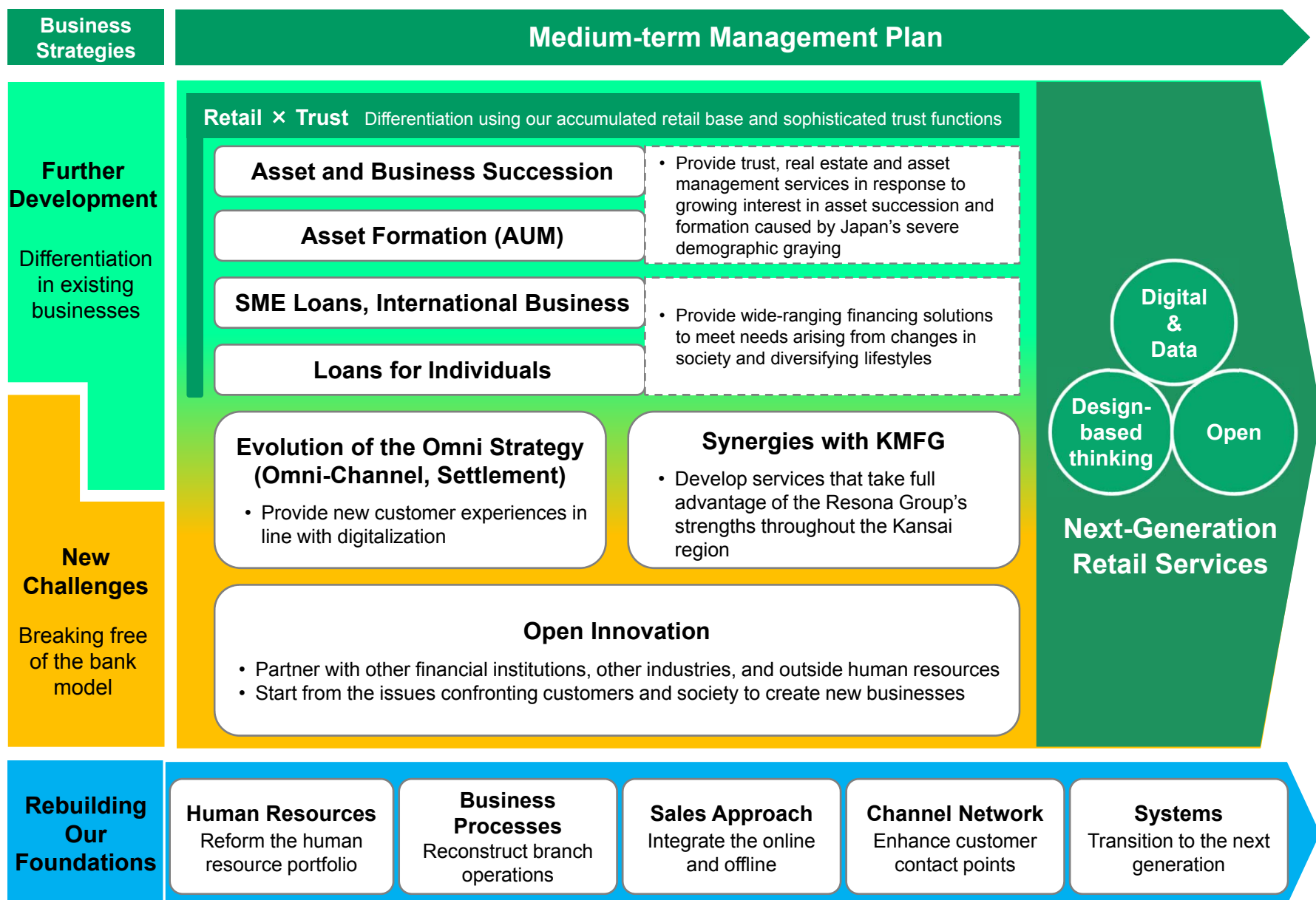
Group Logo expresses the resonance between the "R" in Resona and the "R" in the Group's key word "Regional."

Establish “Resonance Model”





We will provide new value to customers, starting from the issues confronting customers and society, by moving beyond conventional banking frameworks through diverse resonance generated by new ideas and wide-ranging connections



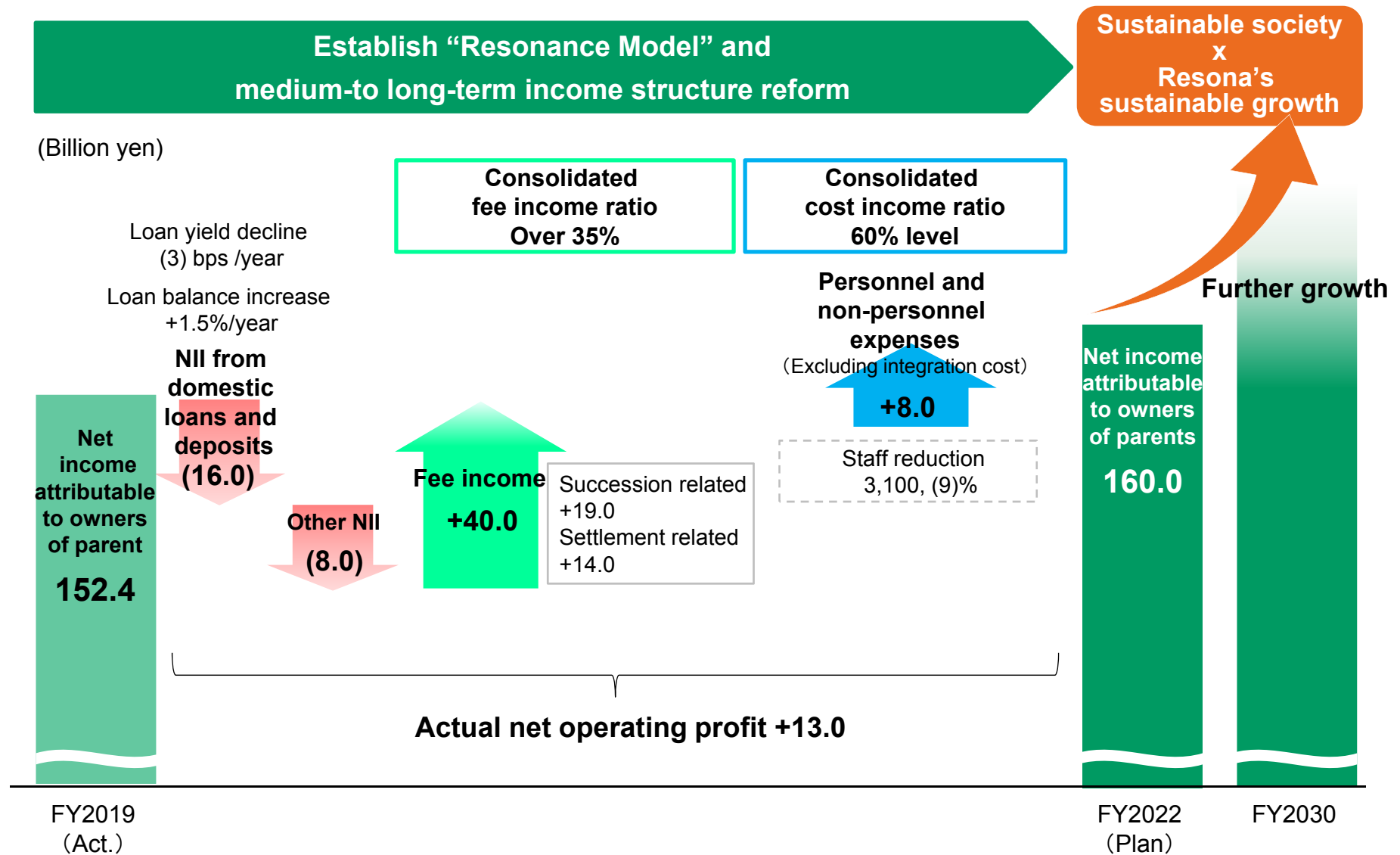
Business Strategy and Rebuild Foundations (Overview)



Points of Focus in the New Medium-term Management Plan toward the 2030 Realization of SDGs

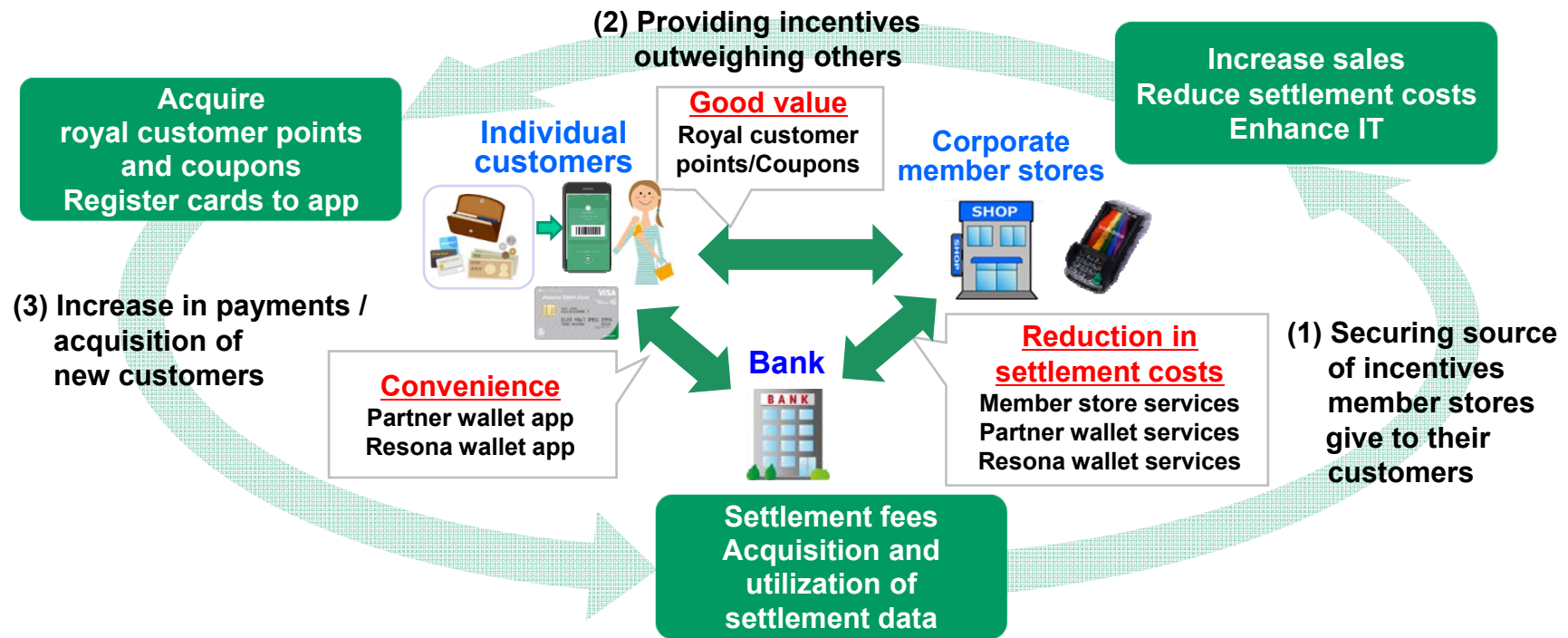
Theme	Expected issues customers will face in the next 10 years	Key policies under the new medium-term management plan
Local Communities  All 17 goals	<ul style="list-style-type: none"> Adapt to a digitalized and global society <ul style="list-style-type: none"> Widespread use of cashless settlement Rapid advance of digitalization Need for supply chain maintenance 	Settlement Omni-Channel
Low Birthrate and Aging Society 	<ul style="list-style-type: none"> Adapt to the low birth rate and graying society <ul style="list-style-type: none"> Need for ensuring smooth succession of assets and businesses as well as securing funds for life after retirement Human resource shortages 	Succession Asset formation
Environment 	<ul style="list-style-type: none"> Respond to climate change risks <ul style="list-style-type: none"> Rising living expenses and housing costs Need for de-carbonization and preparation for natural disasters 	Provide support for de-carbonization Green finance Loan exemptions for those hit by natural disasters
Human Rights 	<ul style="list-style-type: none"> Adapt to diversifying value systems and working styles <ul style="list-style-type: none"> Need to meet higher skill requirements and develop second careers Need to expand hiring of foreigners and elderly people 	Measures for diversity & inclusion Develop human resources capable of meeting diversifying customer needs for sophisticated solutions

Roadmap for Securing Profit



Outline of Resona Cashless Platform

- Settlement infrastructure capable of resolving management issues confronting corporate customers and providing individual customers with more convenient services with smaller fees



[Customers' advantages for adopting RCP]



[Member stores that accommodate payment by Resona Wallet]



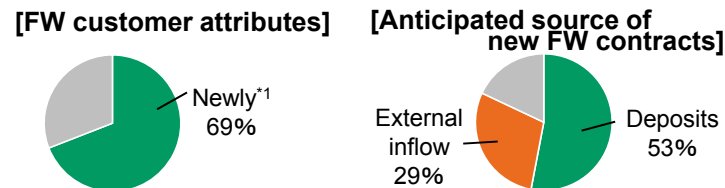
Outline of Resona Fund Wrap

Core products meeting customer needs for long-term asset formation

- Feb. '17~:
Balance as of Sep. 30, '20 Approx. JPY450.0 bn
- Operation course according to customer's request

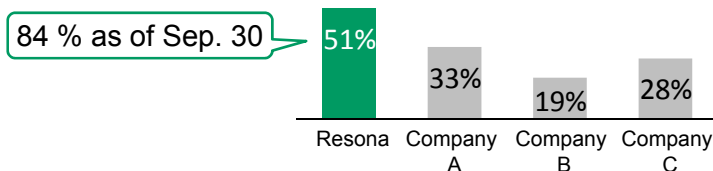
Standard course JPY3 million~, index fund investment
Premium course JPY5 million~, mainly active fund investment

- Shift from savings to asset formation



- A considerable number of customers increased their contracted amount
 - 30% of contracts signed in 1H of FY2020 were made to increase the contracted amount
- Achieved a positive investment return for 84% of customers(as of Sep. 30, '20)

[Ratio of customers who enjoyed investment returns(as of May 31, '20)]

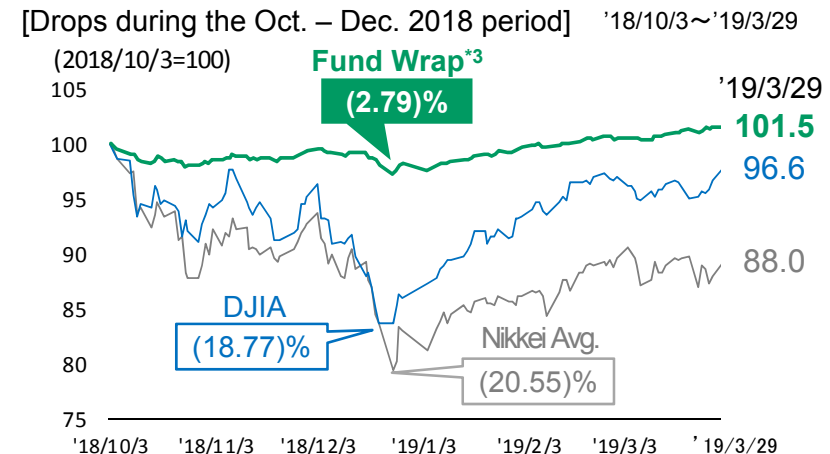


Cost competitive

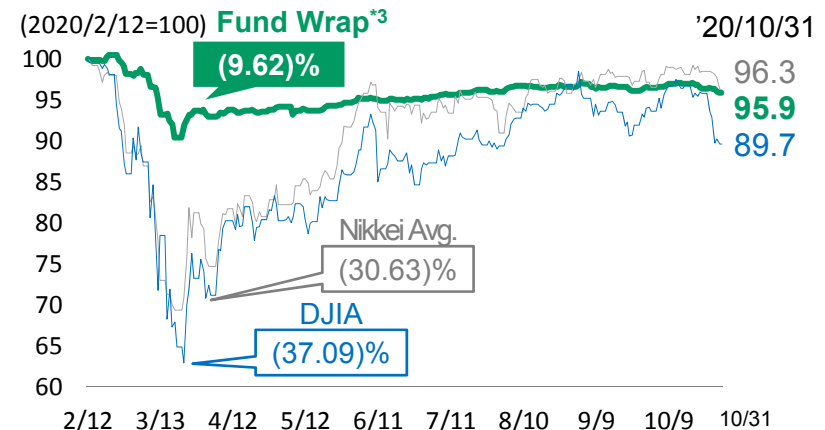
- Lowest level of investment advisory fees in the industry

Diversified investment approach yielded positive results in volatile environment under the COVID-19 pandemic

- Comparisons of most radical drops in market prices in a stock price correction phase (benchmark is set at the last record high hit by the NY Dow Jones Industrial Average)²



[Drops during the Feb. – Mar. 2020 period] '20/2/12~'20/10/31



*1. Customers who don't have any investment trust products at Resona group banks

*2. Prepared by Resona HD based on data publicized Bloomberg

*3. Resona Standard Prudent-Type FW (including investments in alternative and emerging countries)

Resona's Overseas Network

Overall support for customers' overseas expansion with a focus on Asia via overseas bases and partner banks

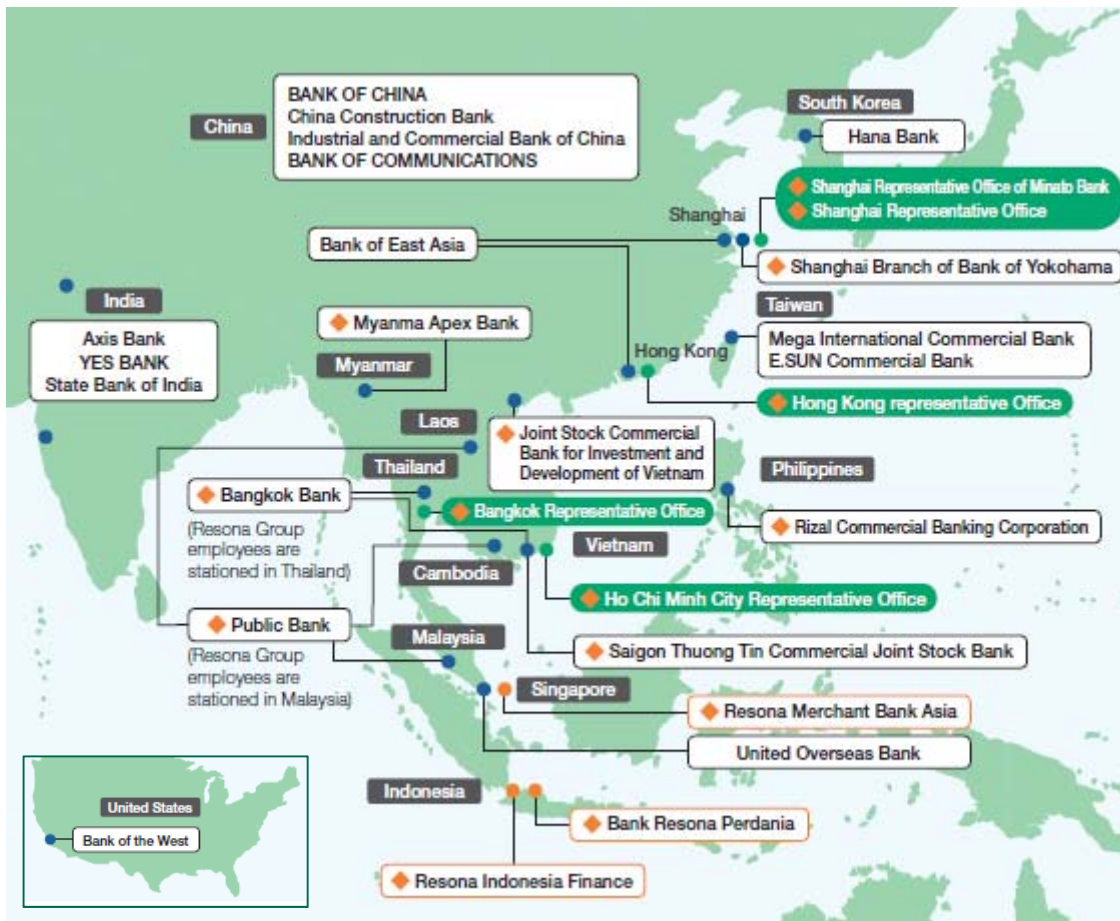
- Station Japanese-speaking Resona staff in 15 locations to provide meticulous services
 - Dispatch Resona staff to BIDV (Hanoi) (Oct. '19~)
- Provide a wide range of consultations concerning overseas expansion, financing, etc.

- Strengthen the customer support by expanding overseas network

- Concluded a memorandum for business cooperation with E.SUN Commercial Bank (Mar. '20~)
- Concluded an agreement for capital and business alliance with SAC Capital (Singapore) (Aug. '20~)

- Provide solutions via local subsidiaries

- Bank Resona Perdania (Indonesia)
 - Boasting a business track record spanning more than 60 years and full-fledged banking functions serving locals
- Resona Merchant Bank Asia (Singapore)
 - Lending, M&A assistance, consulting, etc. in ASEAN, Hong Kong and India.
 - Aug. '19 JPY10.0 bn capital increase

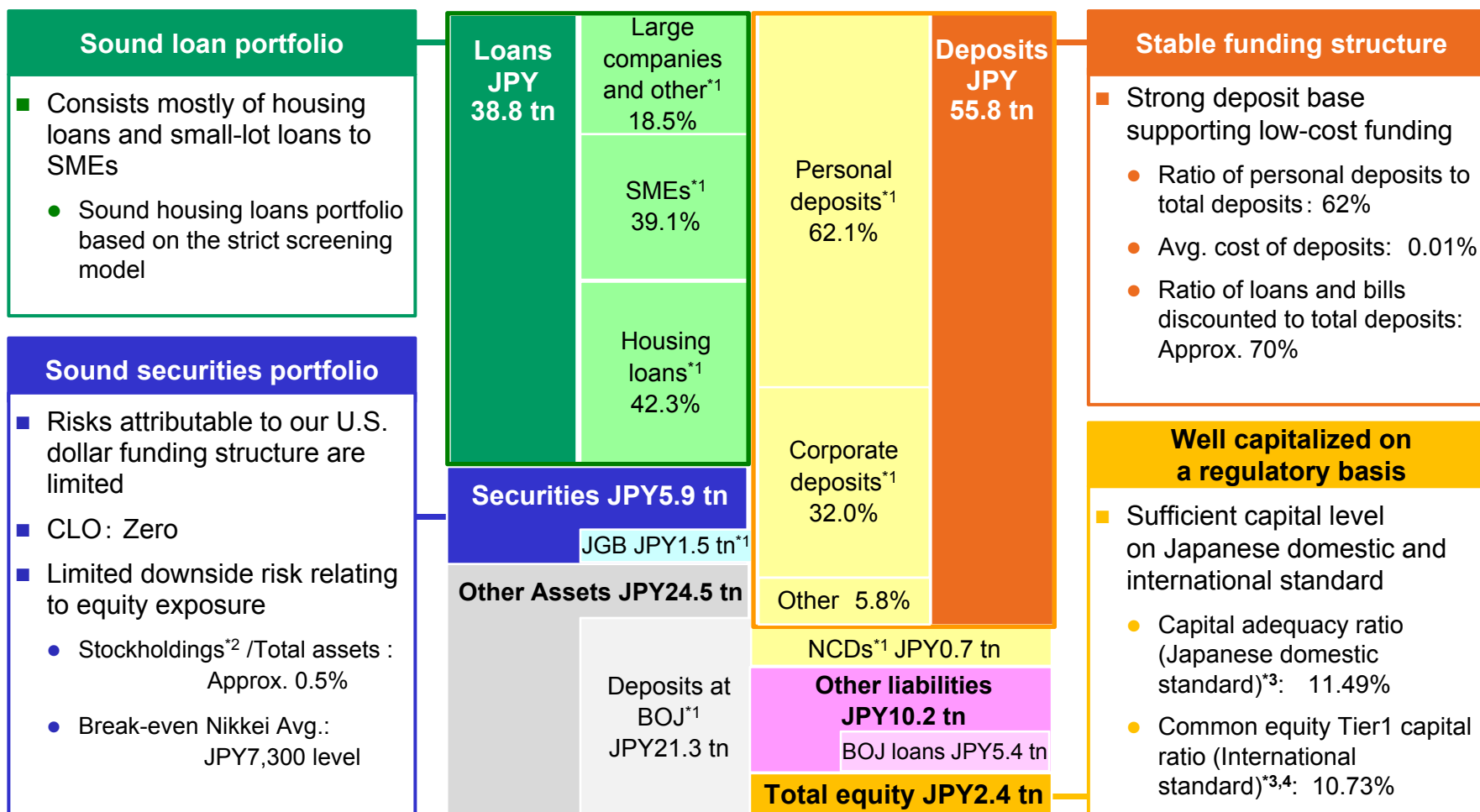


Sound Balance Sheet

HD
Consolidated

Structure that is relatively resilient against the negative impact of COVID-19 (As of September 30, 2020)

Total assets JPY69.3 tn

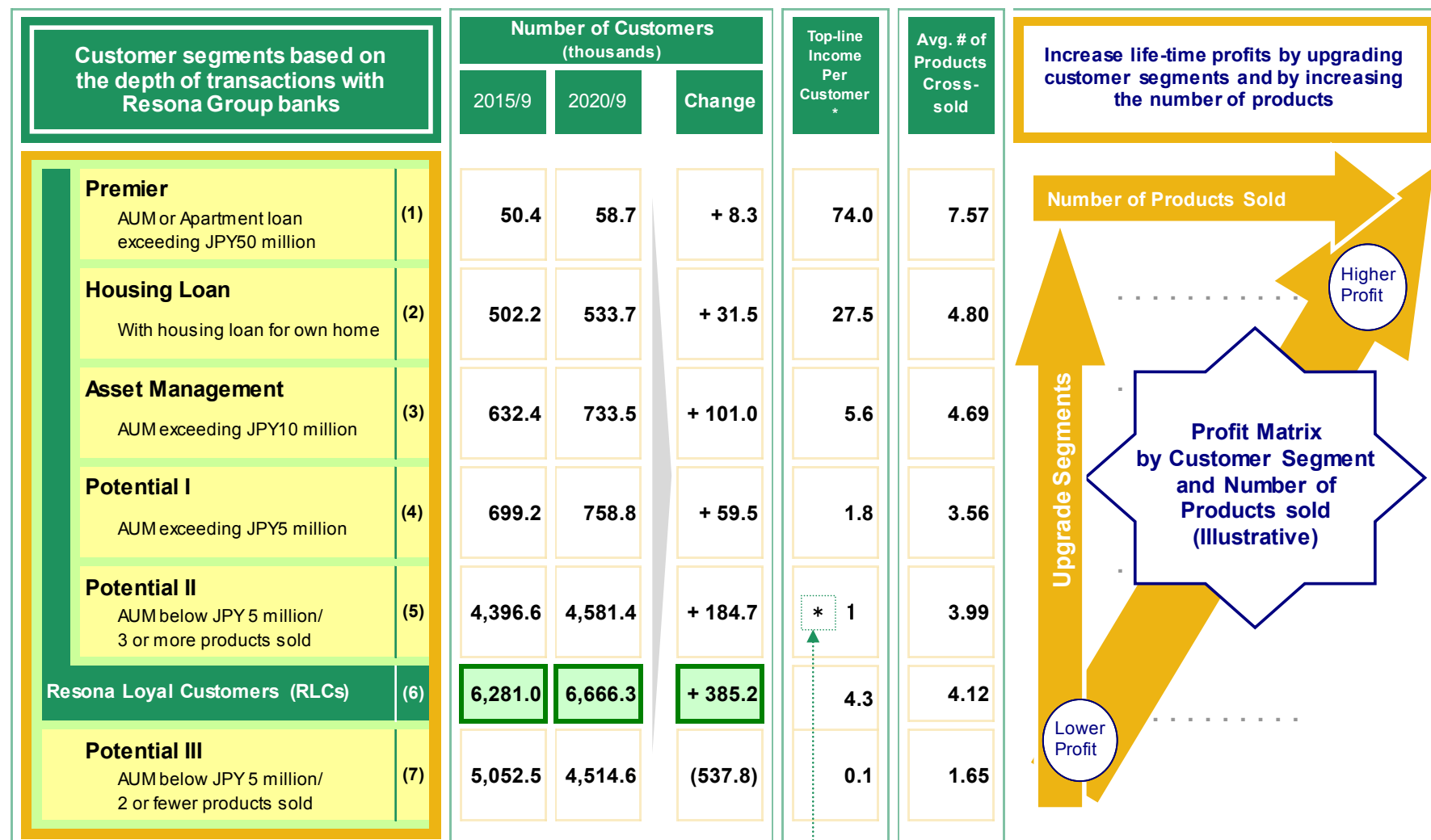


*1. Total of group banks *2. At cost *3. Basel 3 Common Equity Tier1 capital ratio is for a reference purpose only
*4. Exclude unrealized gains on available-for-sale securities

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 FY2020)

(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)	(0.0)	10.2%	67.1%	10.1%	55.2	(18.6)	72.3	(11.7)	220.6	(12.4)	(148.2)	+0.7	(17.1)	(6.9)	
	Personal Banking (2)	7.4	18.5%	80.3%	10.2%	16.7	(9.8)	18.6	(8.6)	94.8	(8.9)	(76.1)	+0.3	(1.9)	(1.2)	
	Corporate Banking (3)	(7.4)	8.6%	57.2%	10.1%	38.4	(8.7)	53.6	(3.1)	125.7	(3.4)	(72.0)	+0.4	(15.2)	(5.6)	
	Markets (4)	18.3	42.5%	15.7%	20.5%	24.2	(5.9)	24.2	(5.9)	28.8	(5.3)	(4.5)	(0.5)	-	-	
	KMFG (5)	(15.7)	3.4%	79.9%	7.9%	8.0	(6.0)	13.8	(0.3)	69.1	(2.4)	(55.2)	+1.9	(5.8)	(5.7)	
	Total ^{*2} (6)	(25.2)	8.9%	65.2%	9.7%	86.9	(26.2)	110.0	(13.4)	316.3	(15.2)	(206.4)	+1.7	(23.1)	(12.7)	

*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	(1)	Credit guarantee (Mainly mortgage loan) Japan's highest class of residential housing loan guarantee balances	Resona Holdings 100%	1H FY'20 (Sep.30 2020)	4.9	(0.4)
Resona Card	(2)	Credit card Credit guarantee 1.5 million card members	Resona Holdings 77.5% Credit Saison 22.4%	1H FY'20 (Sep.30 2020)	0.4	(0.5)
Resona Kessai Service	(3)	Collection service Factoring Collection services with 50 million cases annually	Resona Holdings 100%	1H FY'20 (Sep.30 2020)	0.2	(0.3)
Resona Research Institute	(4)	Business consulting service Management consulting with 800 project annually	Resona Holdings 100%	1H FY'20 (Sep.30 2020)	(0.0)	(0.1)
Resona Capital	(5)	Venture capital IPO support, SME business succession, re-growth support	Resona Holdings 100%	1H FY'20 (Sep.30 2020)	0.0	+0.0
Resona Business Service	(6)	Back office work Employment agency Practices quick and accurate operations	Resona Holdings 100%	1H FY'20 (Sep.30 2020)	0.0	+0.0
Resona Asset Management	(7)	Investment management business Business started in Sep. 2015 utilizing 50 years of RB pension management expertise	Resona Holdings 100%	1H FY'20 (Sep.30 2020)	1.3	+0.7
Total					7.0	(0.7)

Major consolidated overseas subsidiaries

Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
P.T. Bank Resona Perdanania	(8)	Banking business (Indonesia) Oldest Japan-affiliated bank in Indonesia	Resona Group 48.4% (Effective control approach)	1H FY'20 (Jun.30 2020)	0.8	+0.1
P.T. Resona Indonesia Finance	(9)	Leasing business (Indonesia)	Resona Group 100%	1H FY'20 (Jun.30 2020)	0.0	+0.4
Resona Merchant Bank Asia	(10)	Finance, M&A (Singapore) Became consolidated subsidiary Jul. 2017; direct financing and M&A brokerage, etc.	Resona Group 100%	1H FY'20 (Jun.30 2020)	0.0	+0.0
Total					0.9	+0.6

Affiliated companies accounted for by the equity method

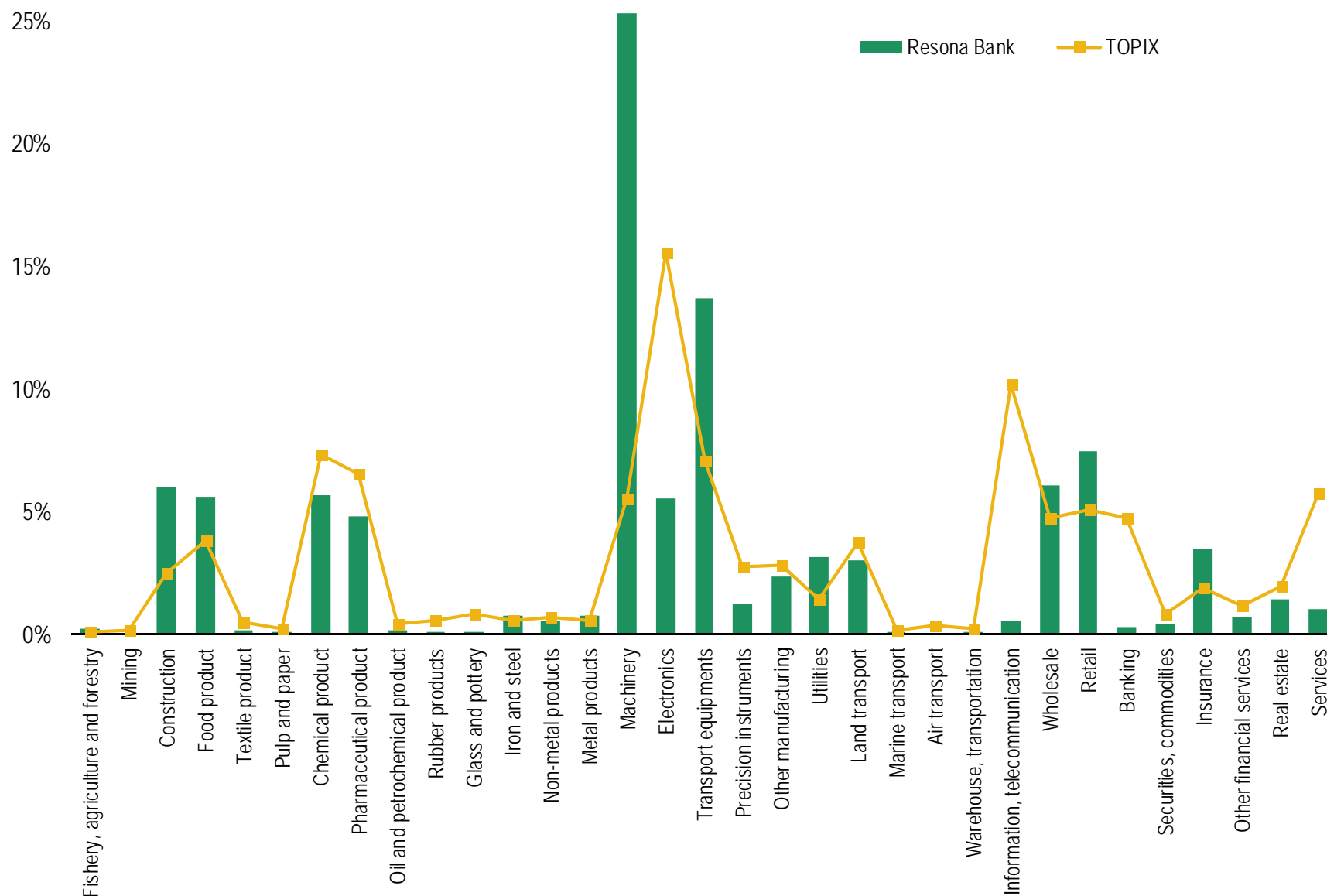
Name		Line of business	Capital contribution ratio	Fiscal year	Net income	YoY change
Custody Bank of Japan *2	(11)	Trust banking business (Mainly asset administration) One of the largest asset size in Japan	Resona Group 16.6% Sumitomo Mitsui Trust HD 33.3%	1H FY'20 (Sep.30 2020)	0.3	—
NTT Data Sofia	(12)	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'20 (Sep.30 2020)	(0.1)	(0.1)
D&I Information Systems	(13)	IT system development	Resona Holdings 15% IBM Japan 85%	1H FY'20 (Jun.30 2020)	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'20 (Sep.30 2020)	0.5	+0.1
DFL Lease	(15)	Leasing business	Resona Holdings 20% Mitsubishi UFJ Lease & Finance 80%	1H FY'20 (Sep.30 2020)	0.2	(0.1)
Total					1.1	—

*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.

*2. Established in July 2020 by the merger of JTC Holdings, Japan Trustee Services Bank and Trust & Custody Services Bank

Stocks Held by Industry (September 30, 2020)

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)

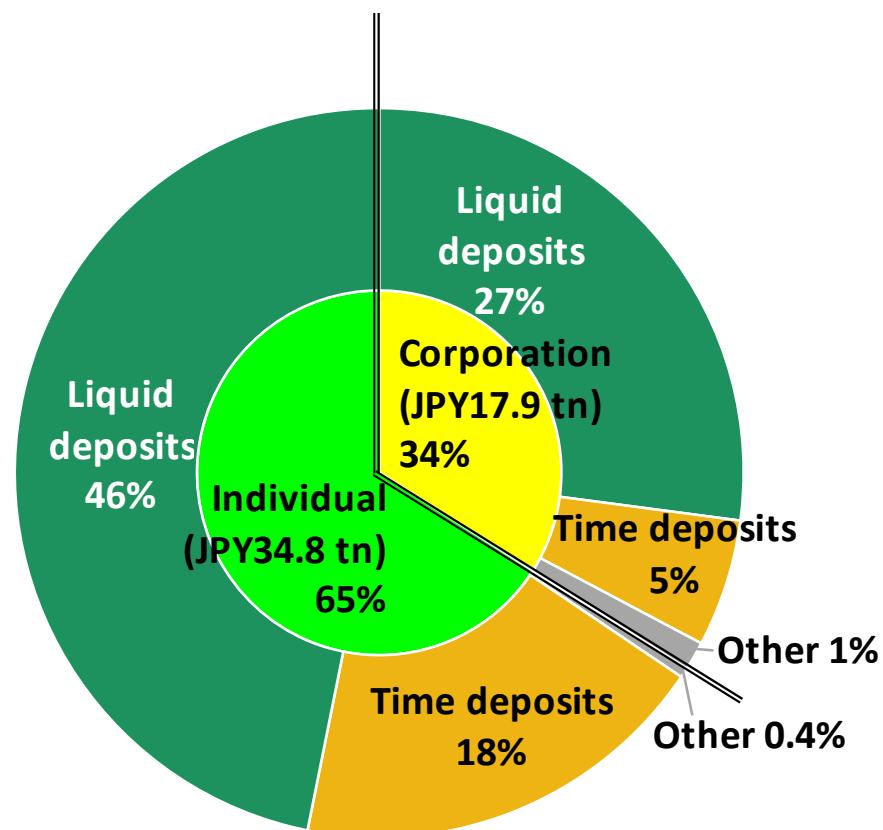
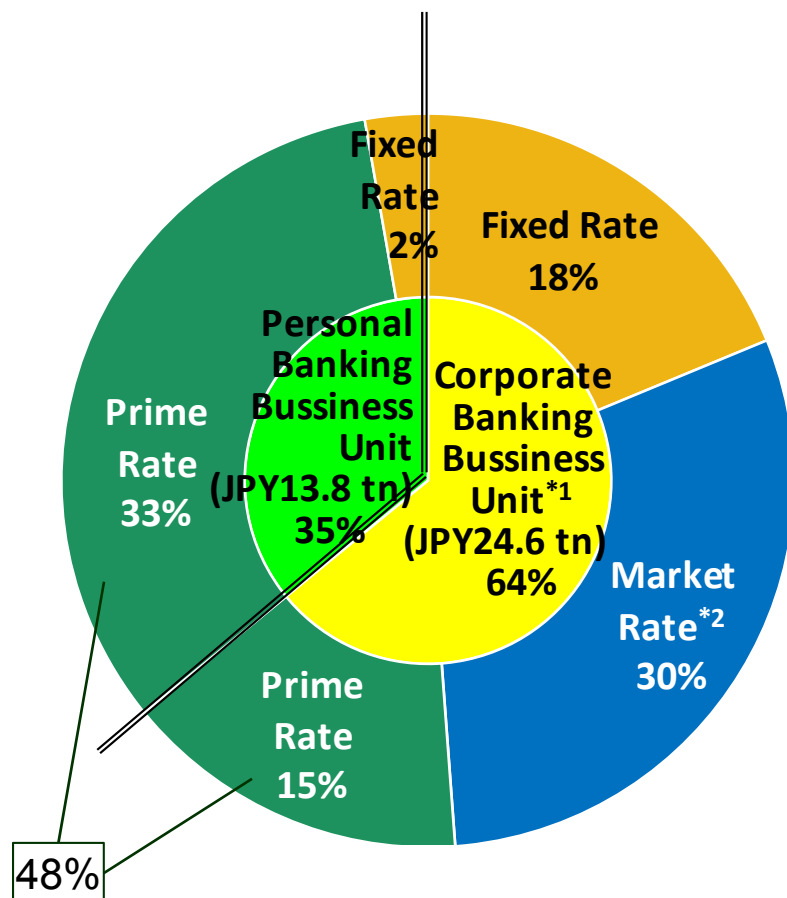
		Sep. 30, 2020				Mar. 31, 2020			
		Within 1 year	1 to 5 years	Over 5 years	Total	Within 1 year	1 to 5 years	Over 5 years	Total
Receive fixed rate/ Pay floating rate	(1)	60.0	730.0	350.0	1,140.0	150.0	890.0	400.0	1,440.0
Receive floating rate/ Pay fixed rate	(2)	157.2	369.4	275.2	802.0	230.4	418.0	364.7	1,013.2
Net position to receive fixed rate	(3)	(97.2)	360.5	74.7	337.9	(80.4)	471.9	35.2	426.7

Composition of Loan Portfolio and Deposits (September 30, 2020)

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 2020]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(1)	0.9%	0.8%	6.1%	14.1%	22.0%
Prime rate-based	(2)	45.6%	0.0%			45.6%
Market rate-based	(3)	31.2%	0.9%			32.2%
Total	(4)	77.8%	1.8%	6.1%	14.1%	100.0%

Loans maturing
within 1 year
79.7%

[End of September 2020]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(5)	0.8%	0.7%	6.2%	15.0%	22.8%
Prime rate-based	(6)	42.5%	0.0%			42.5%
Market rate-based	(7)	33.5%	1.0%			34.5%
Total	(8)	76.9%	1.8%	6.2%	15.0%	100.0%

Loans maturing
within 1 year
78.7%

[Change in 1H FY2020]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Fixed rate	(9)	(0.1)%	(0.0)%	+0.1%	+0.8%	+0.7%
Prime rate-based	(10)	(3.0)%	(0.0)%			(3.0)%
Market rate-based	(11)	+2.2%	+0.0%			+2.2%
Total	(12)	(0.9)%	(0.0)%	+0.1%	+0.8%	-

Loans maturing
within 1 year
(0.9)%

Deposits

[End of March 2020]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(1)	40.9%	1.9%	7.8%	27.0%	77.8%
Time deposits	(2)	10.8%	6.1%	4.1%	1.0%	22.1%
Total	(3)	51.7%	8.1%	11.9%	28.1%	100.0%

[End of September 2020]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(4)	42.9%	1.9%	7.6%	26.5%	78.9%
Time deposits	(5)	10.3%	5.6%	4.2%	0.8%	21.0%
Total	(6)	53.2%	7.5%	11.8%	27.3%	100.0%

[Change in 1H FY2020]

		Within 6M	6 to 12M	1 to 3Y	Over 3Y	Total
Liquid deposits	(7)	+1.9%	(0.0)%	(0.1)%	(0.5)%	+1.1%
Time deposits	(8)	(0.5)%	(0.4)%	+0.0%	(0.2)%	(1.1)%
Total	(9)	+1.4%	(0.5)%	(0.1)%	(0.7)%	-

Migrations of Borrowers (1H of FY2020)

RB

■ Exposure amount basis (Migrations of borrowers for 1H of FY2020*1)

		End of September 2020									Upward Migration	Downward Migration
		Normal	Other Watch	Special Attention	Doubtful	Effectively Bankrupt	Bankrupt	Other	Collection, Repayments	Assignments, Sale		
End of March 2020	Normal	97.3%	1.3%	0.1%	0.0%	0.0%	0.0%	1.3%	1.3%	0.0%	-	1.4%
	Other Watch	7.6%	84.7%	1.1%	2.6%	0.1%	0.2%	3.6%	3.6%	0.0%	7.6%	4.0%
	Special Attention	1.1%	32.2%	55.4%	9.5%	0.1%	0.0%	1.6%	1.6%	0.0%	33.4%	9.6%
	Doubtful	1.3%	6.7%	0.5%	82.3%	5.4%	0.9%	2.9%	2.9%	0.0%	8.5%	6.3%
	Effectively Bankrupt	0.2%	0.7%	0.0%	0.1%	89.1%	5.1%	4.8%	4.0%	0.8%	1.0%	5.1%
	Bankrupt	0.0%	0.1%	0.0%	2.0%	0.0%	92.0%	5.9%	0.4%	5.4%	2.1%	-

*1. Above table shows how a borrower belonging to a particular borrower category as of the end of March 2020 migrated to a new category as of the end of September 2020.

Percentage points are calculated based on exposure amounts as of the end of March 2020.

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 2020 refers to those exposures removed from the balance sheet due to collection, repayments, assignments or sale of claims.

List of Subordinated Bonds (September 30, 2020)

RB

Amount outstanding	Issue date	Maturity	Dividend rate
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

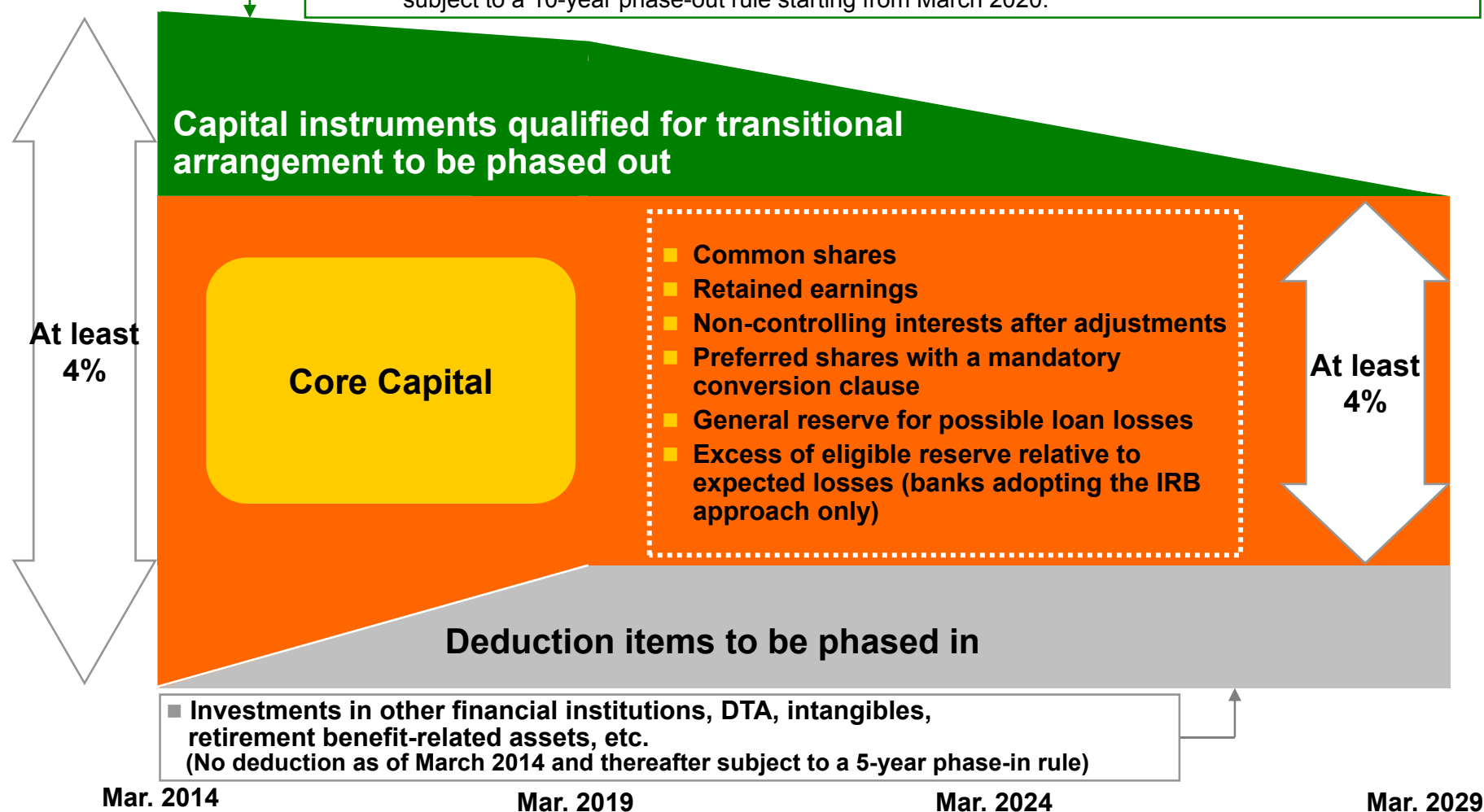
- With Basel 3 finalized, local authorities are currently formulating the domestic rules.
- At present there is no regulation which cause serious impacts on Resona. We are making preparations steadily for implementation of these regulations.

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 	<p>Reviewing credit risk calculation method to enhance the risks sensitivity and improve comparability.</p> <p>Reviewing operational risk calculation method to reflect loss data.</p> <p>New capital floor rule requiring a reference to the SA (final output floor calibration : 72.5%).</p>	<ul style="list-style-type: none"> The Implementation date in Japan is scheduled for March 31, 2023. Common Equity Tier 1 (CET1) capital ratio based on finalized Basel 3 (excluding net unrealized gains on available-for-sale securities) is around 9.1%※ <p>※Trial calculation to CET1 capital ratio of 10.73% as of Sep. 30, 2020 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).</p>
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 (ΔEVE) and net interest income (ΔNII) under certain interest rate shock scenarios.	<ul style="list-style-type: none"> Pillar 2 regulation. The threshold of ΔEVE 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 from September 2022. 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.
Discontinuation of LIBOR (the London Interbank Offered Rate)	LIBOR is expected to be discontinued by the end of 2021.	<ul style="list-style-type: none"> Although we don't have so many loan agreements referencing LIBOR, we address properly preparation for customer communication, amendment of agreement, system modification, etc.

Outline of Eligible Capital under the Japanese Domestic Std.

■ Subordinated debts, preferred securities and non-convertible preferred shares

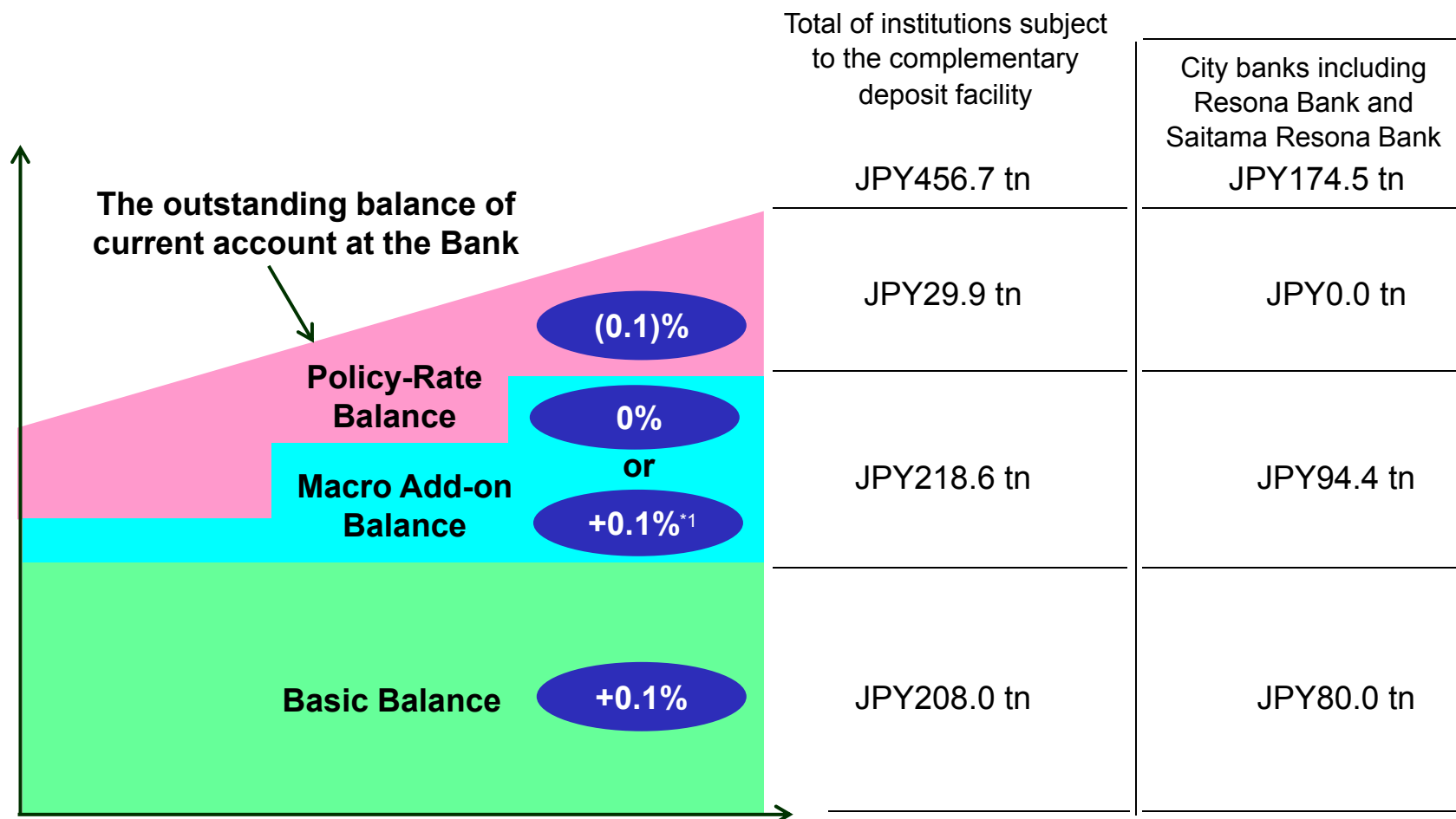
- Subordinated debts and preferred securities issued under the Basel 2 can be fully included in Core Capital as of the end of March 2014. These grandfathering items are subject to a 10-year phase-out rule starting from March 2015.
- Non-convertible preferred shares*1 can be fully included in Core Capital until March 2019 and will be subject to a 10-year phase-out rule starting from March 2020.



*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. A part corresponding to the amounts outstanding of loans from BOJ provided through special funds-supplying operations to facilitate financing in response to the novel coronavirus *2. Source: Bank of Japan

Long Term Business Results

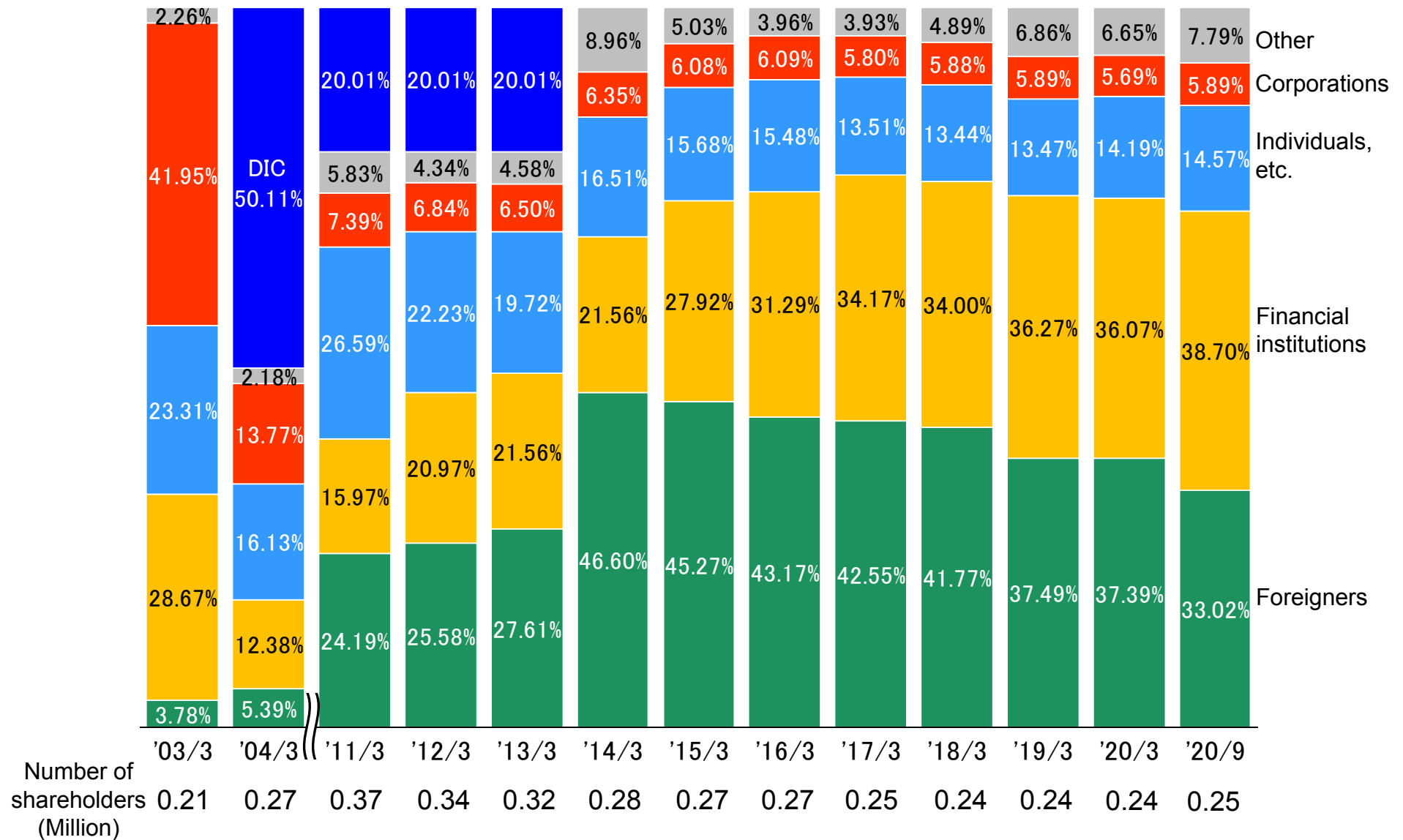
		3 banks (RB,SR,KO)								After KMFG integration			
		(JPY bn)	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018	FY2019
PL	Consolidated	Gross operating profit	667.0	655.2	637.1	608.5	632.4	619.5	563.1	552.5	661.3	644.1	658.6
		Net interest income	484.0	463.9	443.0	430.0	425.9	401.3	377.9	368.3	454.2	435.9	431.1
		Fee incomes ^{*1}	146.8	143.1	150.6	158.7	169.2	168.7	160.6	168.0	187.7	193.8	190.2
		Operating expenses	(369.4)	(360.9)	(361.6)	(348.4)	(357.7)	(347.5)	(362.4)	(360.6)	(442.6)	(439.4)	(426.5)
		Net gains/(losses) on stocks	(0.8)	2.3	(7.5)	22.6	44.5	(6.5)	25.1	16.7	21.4	10.1	0.5
		Credit related expenses	(61.5)	(13.8)	13.0	26.4	22.3	(25.8)	17.4	14.7	10.1	(1.3)	(22.9)
		Net income attributable to owners of the parent	160.0	253.6	275.1	220.6	211.4	183.8	161.4	236.2	244.2	175.1	152.4
BS	Total of group banks	Term end loan balance	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	36,738.2
		Loans to SMEs and individuals	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	31,318.9
		Housing loans ^{*2}	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	16,342.6
		Residential housing loans	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	12,912.2
		NPL ratio	2.43%	2.32%	2.06%	1.74%	1.51%	1.51%	1.35%	1.18%	1.26%	1.18%	1.14%
		Stocks (Acquisition amount basis)	351.3	342.1	336.9	331.6	330.6	351.5	348.3	343.8	365.4	353.8	336.9
		Unrealized gains/(losses) on available-for-sale securities	92.6	131.5	257.5	332.8	573.1	460.1	555.4	649.4	672.8	598.3	420.7
Business	Total of group banks	Balance of Investment products sold to individuals	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	4,585.8
		Investment trust/ Fund wrap	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	2,017.0
		Insurance	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	2,568.7
		Housing loan ^{*2}	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	1,506.3
		Residential housing loans	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	1,232.7
		Real estate business (Excluding equity)	6.6	7.7	7.8	8.3	11.2	13.5	13.7	13.1	13.1	13.3	12.5
Remaining public fund balance		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 Website



[For Shareholders/Investors]

View IR presentation materials from here

Integrated Report of Resona Group(Issued in Jul. '20)



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

