

Financial Highlights for the First Half of Fiscal Year 2023



Resona Holdings

November 10, 2023

Outline of Financial Results for the 1H of FY2023

■ Net income attributable to owners of parent : JPY82.5 bn

- Down JPY0.1 bn, or 0.2%, YoY
Progress rate against the full year target*1 : 55.0% [1Q : 23.6%, 2Q : 31.4%]

■ Actual net operating profit : JPY107.5 bn, Up JPY18.7 bn, or 21.1%, YoY

Core income*2 (excluding the impact of joint management designated money trust*3) : JPY77.4 bn, Down JPY7.9 bn, YoY

Progress rate against the full year target*4 : 51.6%

- **Gross operating profit : JPY313.1 bn, Up JPY21.7 bn, or 7.4%, YoY**
 - Net interest income from domestic loans and deposits : Down JPY2.7 bn, YoY
Average loan balance : +4.22%, YoY, Loans rate : down by 5bps, YoY
[Excluding loans to the Japanese government and others]
Average loan balance : +2.69%, YoY, Loans rate: down by 3bps, YoY
Both loan balance and loan rate were roughly in line with the plan
 - Fee income : Down JPY2.9 bn, YoY
[Excluding the impact of joint management designated money trust*3]
Fee income : Down JPY4.8 bn, YoY
Fee income was in line with the plan. Increase in settlement related
 - Net gains on bonds (including futures) : Up JPY32.2 bn, YoY
Increased due to a reaction to the measures taken in the previous year to restore soundness on foreign bonds
- **Operating expenses : JPY205.8 bn, increased by JPY3.0 bn, YoY**
Cost income ratio : 65.7%, Down 3.8%, YoY

■ Credit related expenses : JPY10.2 bn (cost), increased by JPY2.5 bn, YoY 27.0% against the full year budget of JPY38.0 bn

■ Full year target of JPY150.0 bn and full year dividend forecast of 22 yen (up 1 yen, YoY) remain unchanged

■ The merger of HD and KMFG in April 2024 (plan)

■ Transforming two leasing companies into our consolidated subsidiaries in January 2024 (plan)

■ Share buyback up to JPY15.0 bn

HD consolidated (JPY bn)	FY2023 1H (a)	YoY change		Progress rate vs. Target*1 (d)
		(b)	% (c)	
Net income attributable to owners of parent (1)	82.5	(0.1)	(0.2)%	55.0%
EPS (yen) (2)	35.06	+0.38	+1.0%	
BPS (yen) (3)	1,102.49	+84.87	+8.3%	
Gross operating profit (4)	313.1	+21.7	+7.4%	
Net interest income (5)	204.9	(7.3)		
Nil from loans and deposits*5 (6)	164.8	(2.7)		
Interest on yen bonds, etc.*6 (7)	14.4	+2.6		
Interest on borrowings from trust account (8)	(2.8)	*7 (1.8)		
Fee income (9)	105.8	(2.9)		
Fee income ratio (10)	33.8%	(3.5)%		
Trust fees (11)	13.0	+2.2		
Joint management designated money trust (12)	2.9	*7 +1.8		
Fees and commission income (13)	92.8	(5.1)		
Other operating income (14)	2.2	+31.9		
Net gains on bonds (including futures) (15)	(7.5)	+32.2		
Operating expenses (excluding group banks' non-recurring items) (16)	(205.8)	(3.0)	(1.4)%	
Cost income ratio (OHR) (17)	65.7%	(3.8)%		
Actual net operating profit (18)	107.5	+18.7	+21.1%	
Core income*2 (19)	79.3	(6.1)	(7.1)%	
Net gains on stocks (including equity derivatives) (20)	21.9	(14.4)		
Credit related expenses, net (21)	(10.2)	(2.5)		
Other gains, net (22)	(5.2)	(3.0)		
Net income before income taxes and non-controlling interests (23)	113.9	(1.2)	(1.0)%	
Income taxes and other (24)	(31.2)	+0.9		
Net income attributable to non-controlling interests (25)	(0.2)	+0.1		

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

*3. Increase in trust fees (joint management designated money trust) compared to the 1H of FY2022 (up JPY1.8 bn)

*4. Full year core income target of FY2023: JPY150.0 bn (announced in Nov. '23) *5. Total of non-consolidated domestic banking accounts of group banks, deposits include NCDs

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

*7. Due to the increase in interest on borrowings from trust account (RB) (down JPY1.8 bn, YoY), trust fees (joint management designated money trust) (RB) increased by the same amount (up JPY1.8 bn, YoY) (no impact on gross operating profit)

Review of the 1H of FY2023

Steady growth in net income attributable to owners of parent and core income in with the plan

- Progress rate against the full year target of net income attributable to owners of parent: 55.0%
- Progress rate against the full year target of core income (excluding the impact of joint management designated money trust) : 51.6%
 - NII from loans and deposits, fee income and operating expenses were roughly in line with the plan.
 - Interest on yen bonds, etc. exceeded the plan

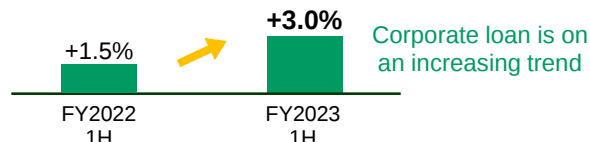
BS management in anticipation of monetary policy change in Japan

- The increasing trend in lending is accelerating through capturing diverse fundraising demand through promote in-depth dialogue
- Providing diverse solutions that are responsive to environmental changes and highly convenient services via both real and digital channels

Expansion of average loan balance:

JPY40.9 tn, +4.2%, YoY

[Average balance of corporate loan, YoY]



Enhancement our consulting and financing capabilities

- ✓ RTF^{*1} origination : Approx. JPY813.2 bn, +98.5%, YoY
- ✓ Housing loans web reception system (Jul.'23-)
- ✓ Release of venture debt (Oct.'23-)

Loans

Response to the environment of JPY interest rate hikes

Securities

- ✓ Interest on yen bonds, etc. : JPY14.4 bn, up JPY2.6 bn, YoY
- ✓ Minimize the unrealized loss on JGB and reduce the BPV via utilizing hedging

Reduction of policy-oriented stocks

- ✓ Balance of listed stocks disposed in 1H of FY'23^{*2} : JPY11.3 bn (1Q : JPY2.4 bn, 2Q : JPY8.9 bn)
- Progress rate compared to expected pace [JPY20.0 bn per year] : 56.8%

Strengthening a deposit base with strong retention focused on retail customers

Deposits

- ✓ Expansion of number of App DL^{*3} : 8.50 million (+26.1%, YoY)
 - Of which external group 1.33 million
 - Release on corporate App (Oct. '23-)
- ✓ Strengthening settlement business and increasing settlement income : JPY37.1 bn (+3.6%, YoY)
 - Debit card income : JPY2.7 bn (+18.1%, YoY)
 - Number of debit card issued : 3.11 million
- Enhancement of income through strengthening the AUM business
 - ✓ Increasing of balance of fund wrap (including corporation)^{*3} : JPY760.2 bn (+2.0%, YoY), Of which, external group JPY73.7 bn
 - ✓ Number of individual customers having investment trust, fund wrap and insurance products : 988 thousand, +18 thousand, YoY
 - Added "Tsumitate Box," a new asset management support function, to the lineup of services available via Group App (Aug. '23-)

Utilize capital to improve ROE

Total equity

- [1H of FY'23 ROE : 7.6%]
- ✓ Updated our risk appetite regarding yen interest rates in order to enhance asset profitability
- ✓ Transforming two leasing companies^{*4} into our consolidated subsidiaries in January 2024 (plan)
- ✓ Expanding shareholder returns : Share buyback up to JPY15.0 bn

*1. Retail Transition Finance *2. Total of group banks, listed stocks, acquisition cost basis

*3. Including external group *4. DFL Lease, Shutoken Leasing

Breakdown of Financial Results

(JPY bn)	Resona Holdings (Consolidated)		Total of group banks		Resona Bank		Saitama Resona Bank		Total of group banks under KMF&G		Difference (a)-(c)
	(a)	YoY (b)	(c)	YoY (d)	(e)	YoY (f)	(g)	YoY (h)	(i)	YoY (j)	
Gross operating profit (1)	313.1	+21.7	285.2	+21.5	159.1	+18.1	58.6	+3.6	67.4	(0.2)	27.8
Net interest income (2)	204.9	(7.3)	201.6	(7.6)	105.3	(8.3)	41.1	(0.4)	55.2	+1.1	3.2
NII from domestic loans and deposits (3)	164.8	(2.7)	164.8	(2.7)	85.4	(1.4)	32.7	(0.9)	46.6	(0.3)	
Interest on yen bonds, etc. (4)	14.4	+2.6	14.4	+2.6	8.9	+0.6	3.4	+1.3	2.1	+0.5	
Net gains on cancellation of investment trusts *1 (5)	1.0	+1.3	1.0	+1.2	(0.1)	+0.1	0.0	+0.0	1.1	+1.0	—
Interest on borrowings from trust account (6)	(2.8)	(1.8)	(2.8)	(1.8)	(2.8)	(1.8)					
Fee income (7)	105.8	(2.9)	82.1	(2.6)	53.9	(0.9)	16.7	(0.0)	11.4	(1.6)	23.7
Fee income ratio (8)	33.8%	(3.5)%	28.7%	(3.3)%	33.8%	(5.0)%	28.5%	(1.9)%	17.0%	(2.3)%	
Trust fees (9)	13.0	+2.2	13.0	+2.2	13.0	+2.2	0.0	(0.0)	0.0	+0.0	(0.0)
Joint management designated money trust (10)	2.9	+1.8	2.9	+1.8	2.9	+1.8					
Fees and commission income (11)	92.8	(5.1)	69.0	(4.8)	40.9	(3.1)	16.7	(0.0)	11.4	(1.6)	23.7
Other operating income (12)	2.2	+31.9	1.4	+31.8	(0.0)	+27.4	0.8	+4.1	0.7	+0.2	0.7
Net gains on bonds (including futures) *1 (13)	(7.5)	+32.2	(7.5)	+32.1	(6.7)	+27.8	(0.3)	+4.0	(0.4)	+0.3	0.0
Operating expenses (excluding group banks' non-recurring items) (14)	(205.8)	(3.0)	(190.9)	(1.9)	(105.1)	(2.1)	(37.8)	(0.6)	*2 (47.9)	+0.8	(14.8)
Cost income ratio (OHR) (15)	65.7%	(3.8)%	66.9%	(4.7)%	66.0%	(7.0)%	64.5%	(3.0)%	71.0%	(0.9)%	
Actual net operating profit (16)	107.5	+18.7	94.3	+19.6	54.0	+16.0	20.8	+2.9	19.5	+0.5	13.1
Core income (17)	79.3	(6.1)	70.4	(4.7)	43.1	(3.7)	15.0	(0.3)	12.3	(0.6)	8.8
Core net operating profit (excluding gains on cancellation of investment trusts) *3 (18)			103.8	(10.5)	62.8	(9.9)	22.0	+0.1	18.9	(0.7)	
Net gains on stocks (including equity derivatives) (19)	21.9	(14.4)	22.3	(14.1)	17.2	(13.6)	4.6	+0.3	0.3	(0.9)	(0.3)
Credit related expenses, net (20)	(10.2)	(2.5)	(9.1)	(2.0)	(6.8)	(2.1)	(0.1)	+0.4	(2.0)	(0.3)	(1.1)
Other gains, net (21)	(5.2)	(3.0)	(5.2)	(3.1)	(3.1)	(2.9)	(1.8)	(1.0)	(0.3)	+0.8	0.0
Net income before income taxes (22)	113.9	(1.2)	102.2	+0.2	61.2	(2.5)	23.5	+2.7	17.4	+0.0	11.6
Income taxes and other (23)	(31.2)	+0.9	(27.3)	+0.9	(17.0)	+0.0	(6.8)	(0.5)	(3.4)	+1.5	
Net income attributable to non-controlling interests (24)	(0.2)	+0.1									
Net income (attributable to owners of parent) (25)	82.5	(0.1)	74.9	+1.2	44.2	(2.5)	16.6	+2.2	13.9	+1.5	

*1. Losses on cancellation of investment trusts are posted in the net gains on bonds since net of the losses and dividends from investment trusts become negative
 1H of FY'22(SR/MB): Losses on cancellation of investment trusts: JPY(0.8) bn, dividends from investment trusts: + JPY0.6 bn → net amount: JPY(0.2) bn

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

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

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

HD
Consolidated

(JPY bn)

Actual net operating profit +18.7

Gross operating profit +21.7

Operating
expenses
(3.0)

Net gains
on stocks
(including
equity
derivatives)
(14.4)

Credit-
related
expenses,
net
(2.5)

Other
items,
net
(1.9)

(0.1),
YoY

NII from
domestic loans
and deposits
(2.7)

Other NII
(4.5)

Fee income
(2.9)

Other GOP,
net
+31.9

82.6

Of which,
KMFG
13.7

Volume factor +6.9
Rate factor (9.6)

Net gains on bonds
(including futures) +32.2
Yen bonds +0.3
Foreign bonds +31.8

AUM (0.5)
Succession related (1.1)
Corporate solution (0.5)
Settlement related +1.2

Personnel expenses (1.7)
Non-personnel expenses (2.2)
Income taxes +0.9

Act.
'22/9 (7.7)
'23/9 (10.2)

ETFs and other (3.4)
Policy-oriented stocks (10.8)
(Act.)
'22/9 32.4
'23/9 21.5

82.5

Of which,
KMFG
14.1

FY2022
1H

FY2023
1H

Trend of Loans and Deposits (Domestic Account)

Total of
Group Banks

Average loan / deposit balance, rates and spread

■ 1H of FY'23 (YoY)

Average loan balance : +4.22%, Loan rate : (5) bps

[Excluding loans to the Japanese government and others]

Average loan balance : +2.69%, Loan rate : (3) bps

=> Full year (Plan) +2.84% (2) bps

(Avg. bal : Trillion Yen Income/Cost : Billion Yen)		1H		FY2023	
		Act. (a)	YoY ^{*3} (b)	Revised plan (c)	YoY ^{*3} [vs. initial plan] (d)
Loans	Avg. Bal. (1)	40.91	+4.22%	41.25	+3.65% (0.34)%
	Rate (2)	0.81%	(0.05)%	0.81%	(0.03)%
	Income (3)	166.2	(3.1)	335.8	(1.6)
Corporate banking business unit ^{*1}	Avg. Bal. (4)	22.50	+2.06%	22.80	+2.92%
	Rate (5)	0.79%	(0.03)%	0.79%	(0.02)%
Corporate Loan	Avg. Bal. (6)	19.33	+3.09%	19.64	+3.94%
	Rate (7)	0.74%	(0.02)%	0.75%	(0.01)%
Personal banking business unit ^{*2}	Avg. Bal. (8)	14.18	+1.17%	14.27	+1.48%
	Rate (9)	1.04%	(0.03)%	1.03%	(0.03)%
Deposits (Including NCDs)	Avg. Bal. (10)	62.31	+2.11%	62.42	+2.25%
	Rate (11)	0.00%	(0.00)%	0.00%	+0.00%
	Cost (12)	(1.4)	+0.4	(3.4)	(0.1)
Loan-to-deposit	Spread (13)	0.80%	(0.04)%	0.80%	(0.03)%
	Net interest income (14)	164.8	(2.7)	332.4	(1.7)

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

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

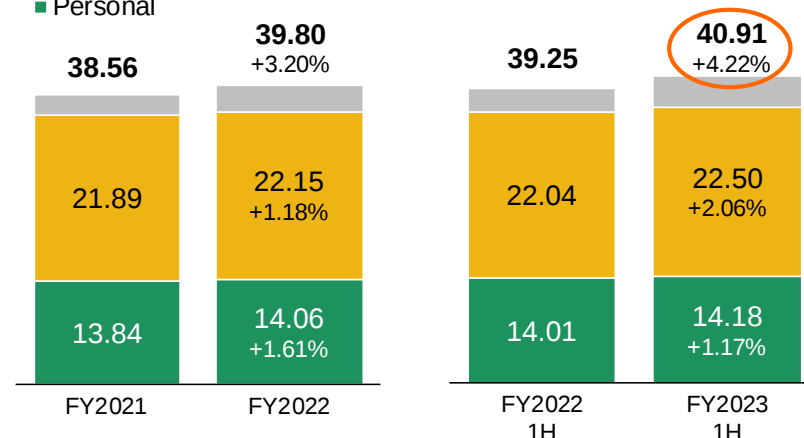
*3. Average balance : rate of change *4. Corporate banking business unit (excluding apartment loans) + public corporation, etc.

Trend of average loan balance

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

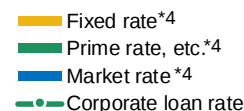
■ Corporate (Excluding loans to HD)

■ Personal

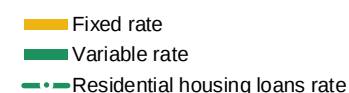


Loan rate on a stock basis and composition by interest rate type

[Corporate loan]



[Residential housing loan]



Term-end Balance of Loans and Deposits

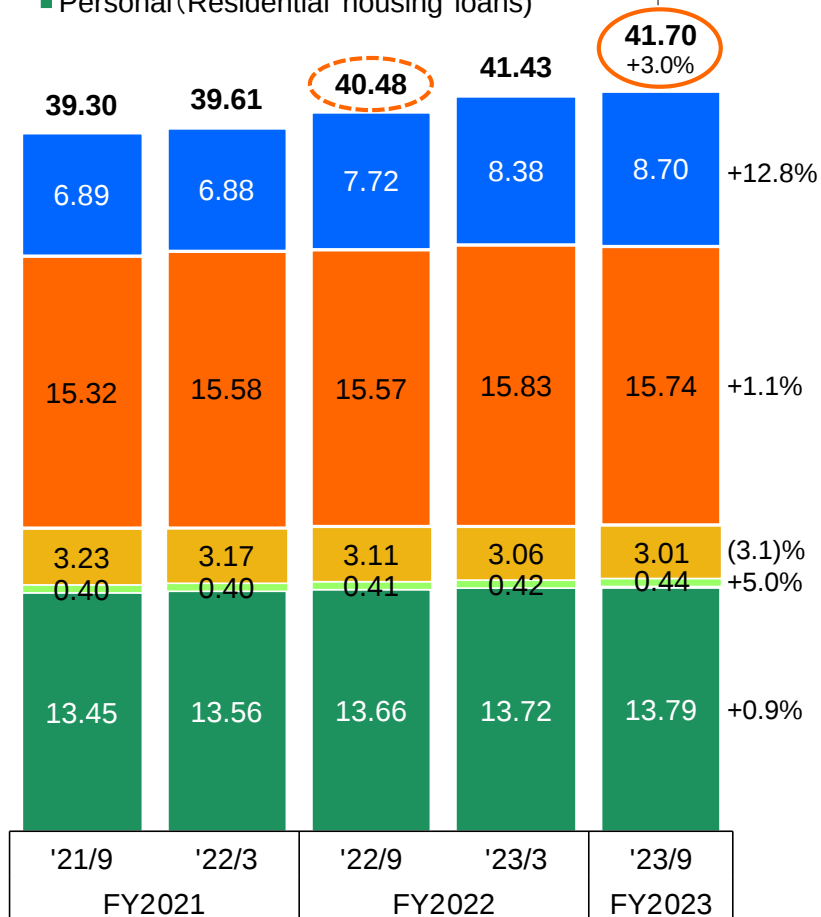
Total of
Group Banks

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)

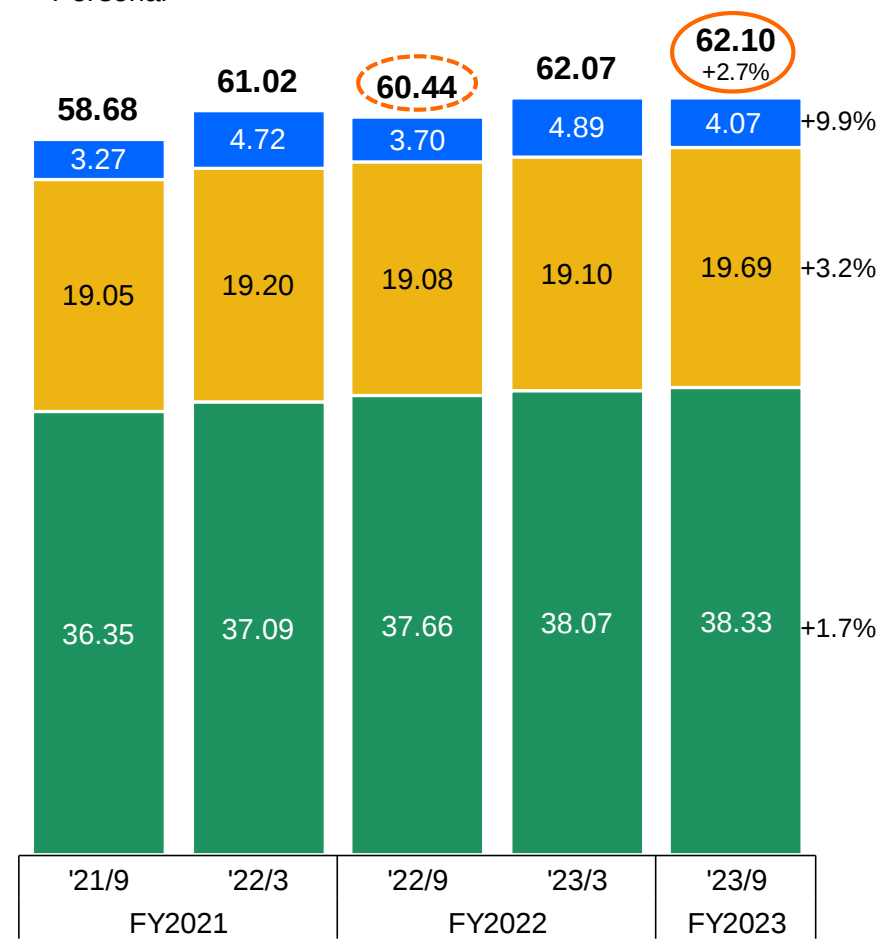
Of which, excluding
loans to the Japanese
gov. and others
[2.23 tn] +2.3%



Term-end deposit balance

[JPY tn, % represents YoY change]

- Other
- Corporate
- Personal



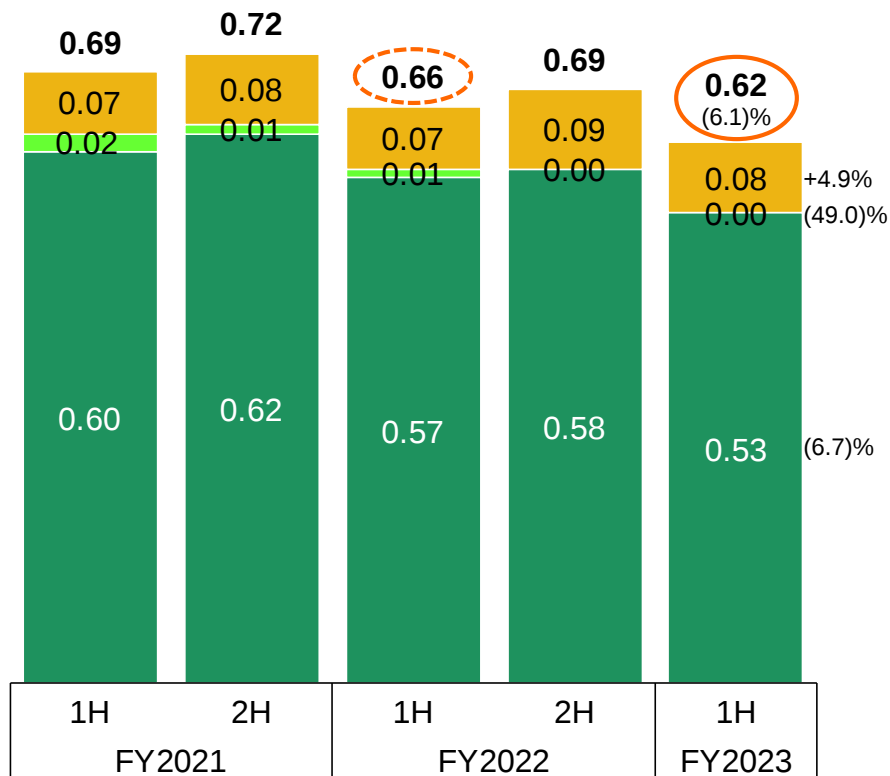
Housing Loan Business

Total of
Group Banks

New housing loan origination

[JPY tn, % represents YoY change]

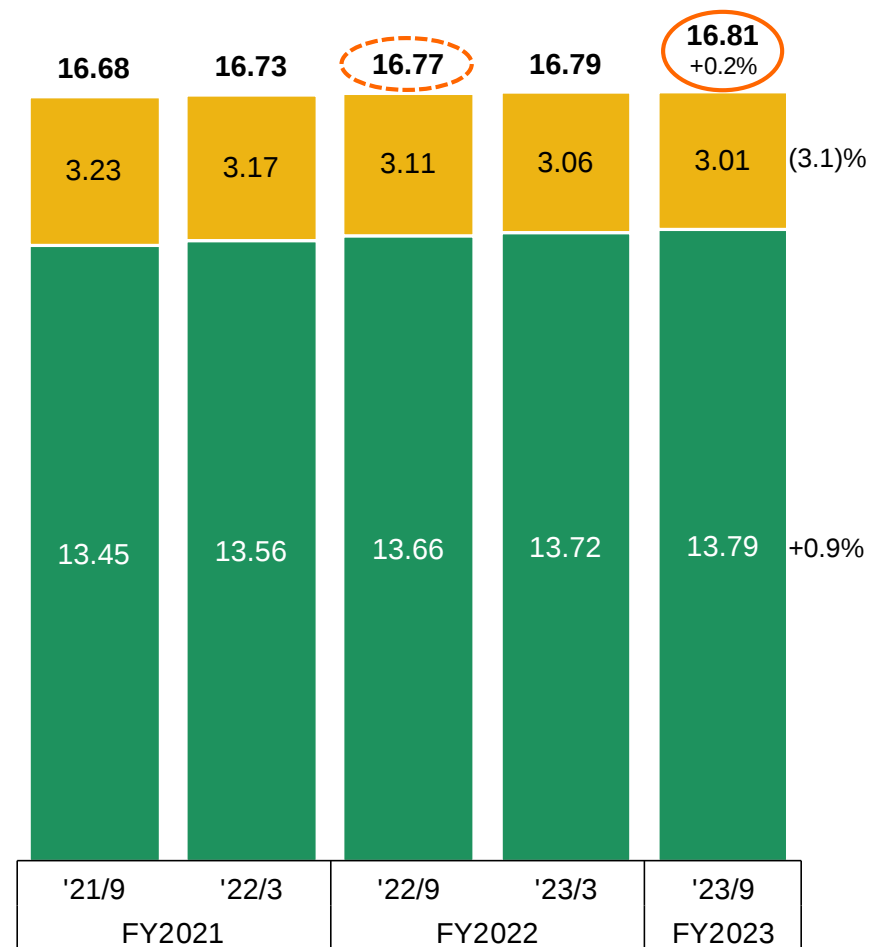
- Apartment loan
- Flat 35
- Residential housing loan



Term-end housing loan balance

[JPY tn, % represents YoY change]

- Apartment loan
- Residential housing loan



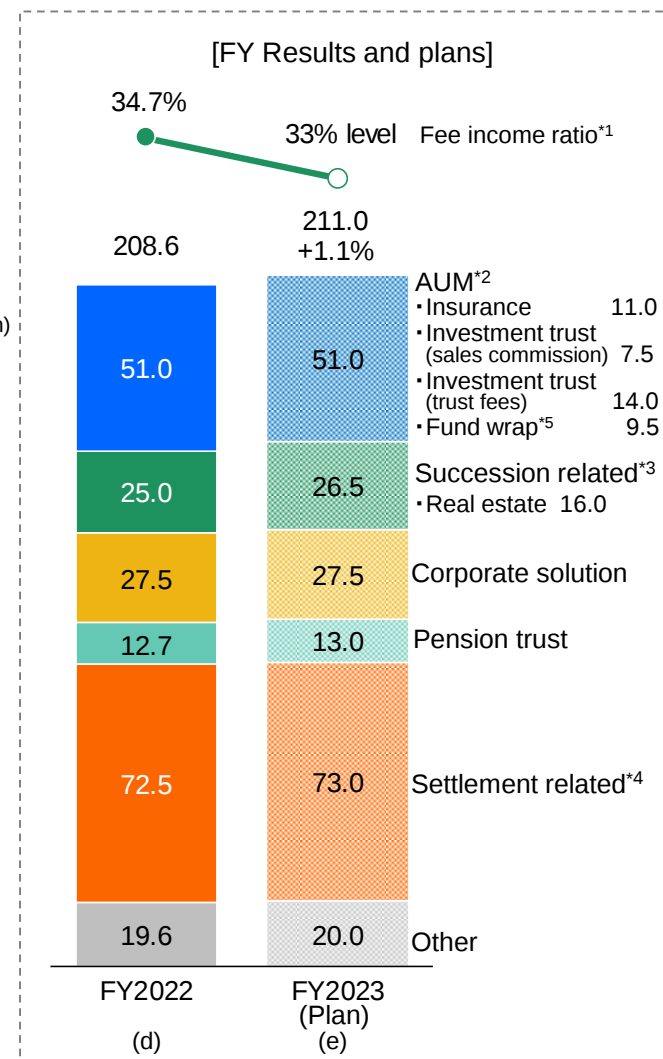
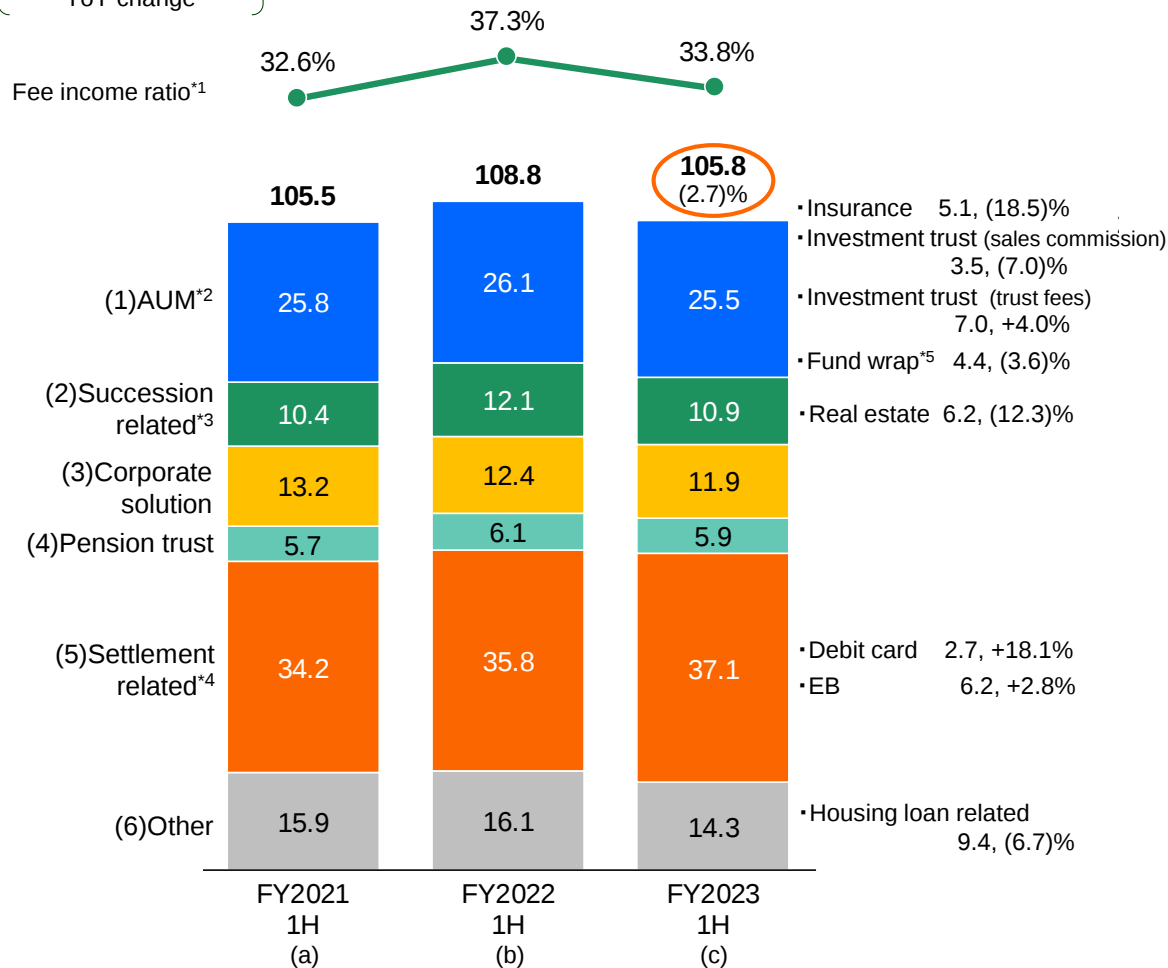
Fee income

HD
Consolidated

■ Progress rate against the full year plan : 50.1%

■ Succession related (down JPY1.1 bn, or 9.7%, YoY), etc. decreased, while settlement related (up JPY1.2 bn, or 3.6%, YoY) remained steady

[JPY bn, % represents
YoY change]



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

*2. Insurance, investment trust(sales commission/ trust fees), fund wrap, securities trust and fee income earned by Resona Asset Management

real estate and M&A income *4. Fees and commission from domestic exchange, account transfer, EB, debit card, etc. and fee income earned by Resona Kessai Service and Resona Card *5. Including fee income earned by Resona Asset Management

*3. Asset and business succession trust,

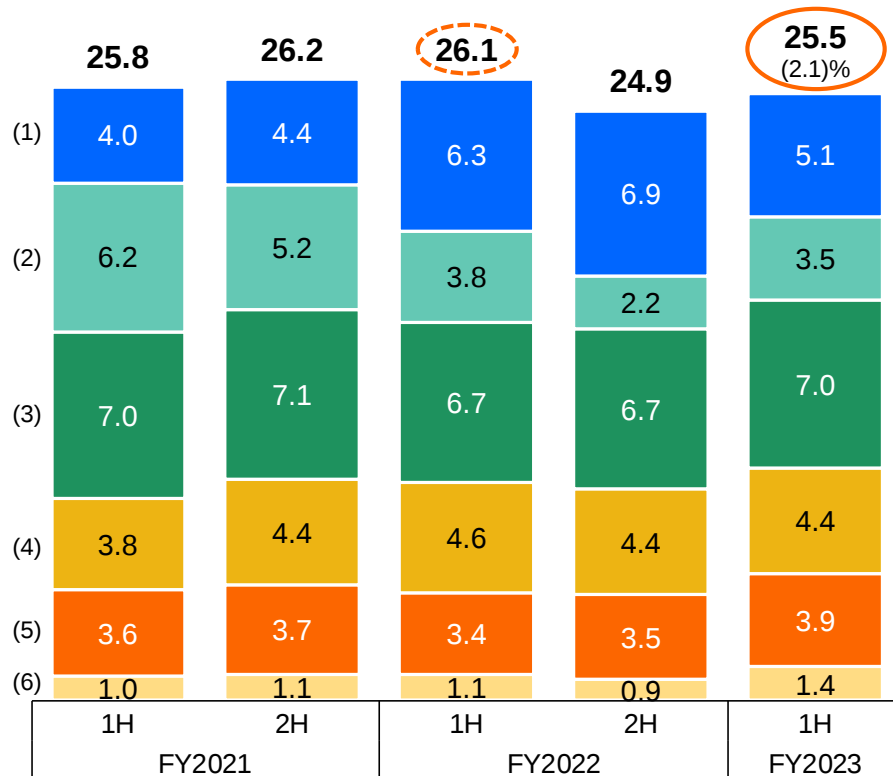
Major Fee Businesses(1) (AUM)

HD
Consolidated

AUM income

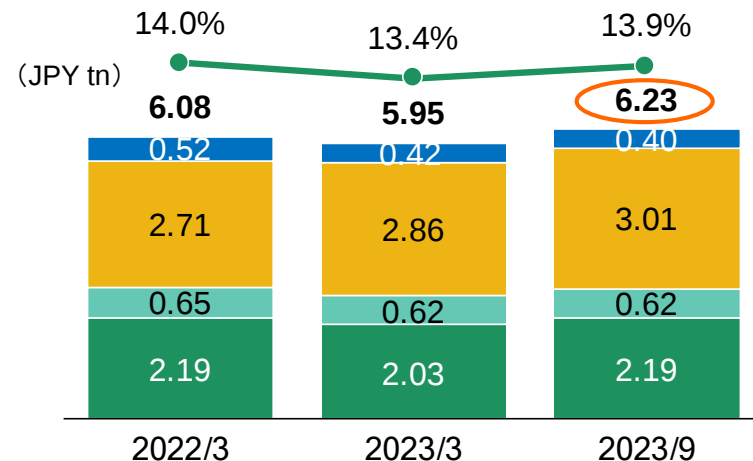
- (1) Insurance
- (2) Investment trust (sales commission)
- (3) Investment trust (trust fees)
- (4) Fund wrap
- (5) Resona Asset Management
- (6) Securities trust

(JPY bn)



Balance of asset formation support products sold to individuals

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



- **Balance of fund wrap*¹:**
'23/9 JPY760.2 bn (including corporation*³)
- **Change in balance of investment trust and fund wrap : 1H of FY'23 Approx. +JPY150.0 bn**
 - Net inflow (new purchase – withdrawal and redemption):
Approx. JPY(16.0) bn
- **Number of individual customers having investment trust, fund wrap and insurance products :**
'23/9 988 thousand, +18 thousand, YoY
 - Of which, NISA account holders*⁴: 430 thousand, +6.9%, YoY
- **iDeCo participants*⁵: '23/9 181 thousand, +11.0%, YoY**
- **Securities trust (total assets in custody) : '23/9 JPY44.8 tn**

*1. Based on market value *2. Balance of asset formation support products sold to individuals / (balance of asset formation support products sold to individuals + yen deposits held by individuals) *3. Including external group *4. NISA, Junior NISA, Cumulative NISA

*5. iDeCo participants + members giving investment instructions

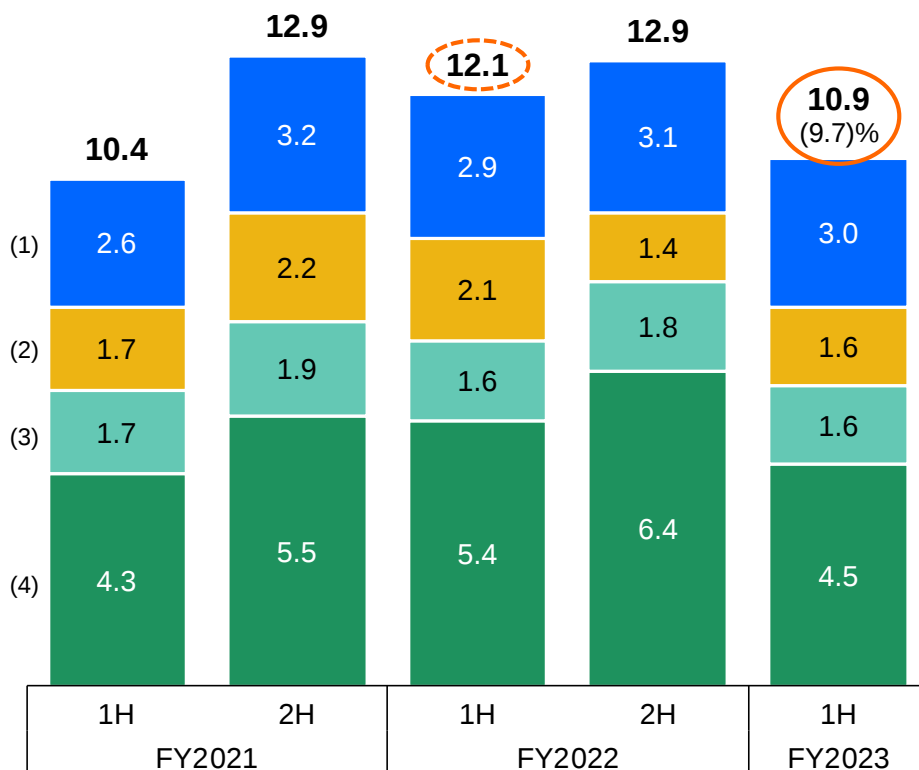
Major Fee Businesses(2) (Succession, Corporate Solution, Pension Trust)

HD
Consolidated

Succession related income

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

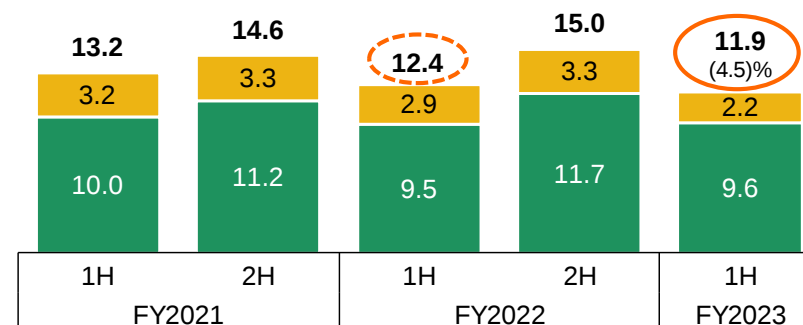
(JPY bn)



Corporate solutions business income

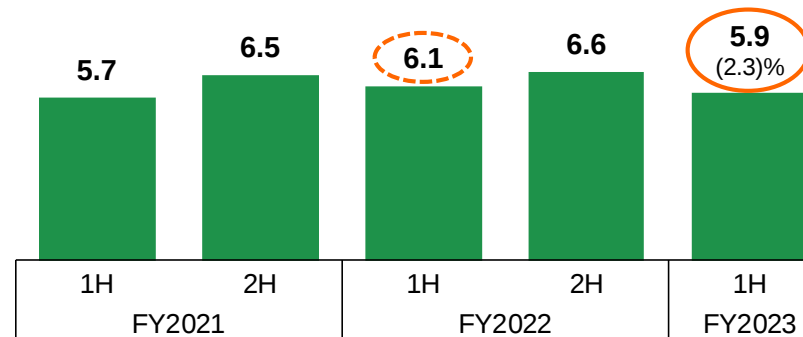
- Private notes
- Commitment line, Syndicated loans, Covenants

(JPY bn)



Pension trust income

(JPY bn)



*1. Excluding gains from investments in real estate funds

Credit Costs and NPLs

HD Consolidated
Total of Group Banks

Credit costs

(JPY bn)	FY2021 (a)	FY2022		FY2023	
		1H (b)	(c)	1H (d)	Plan (e)
Net credit cost (HD consolidated) (1)	(58.7)	(7.7)	(15.9)	(10.2)	(38.0)

Net credit cost (Total of group banks) (2)	(61.2)	(7.0)	(15.0)	(9.1)	(31.5)
General reserve (3)	(7.2)	2.7	(3.1)	3.4	
Specific reserve and other items (4)	(53.9)	(9.8)	(11.9)	(12.5)	
New bankruptcy, downward migration (5)	(66.0)	(15.3)	(45.2)	(19.2)	
Collection/upward migration (6)	12.0	5.4	33.2	6.7	

Difference (1) - (2) (7)	2.4	(0.6)	(0.8)	(1.1)	(6.5)
HL guarantee subsidiaries (8)	6.5	0.7	1.4	1.3	
Resona Card (9)	(1.4)	(0.8)	(1.7)	(1.0)	

<Credit cost ratio> (bps)					
HD consolidated ^{*1} (10)	(14.8)	(3.8)	(3.9)	(4.8)	(8.9)
Total of group banks ^{*2} (11)	(15.1)	(3.4)	(3.6)	(4.2)	(7.2)

*(Note) Positive figures represent reversal gains

NPL balance and ratio (Total of group banks)

(Financial Reconstruction Act criteria)

Unrecoverable or valueless claims

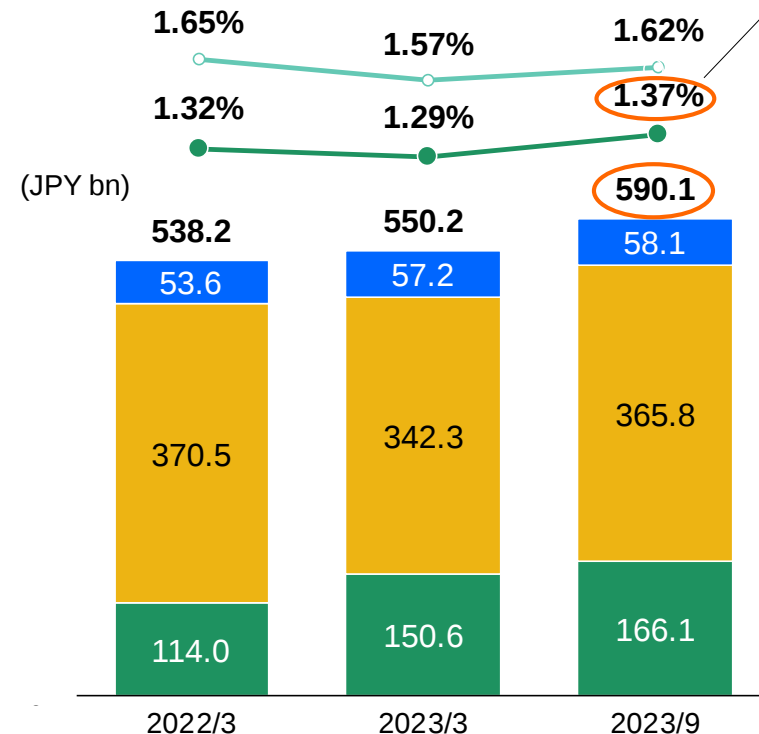
Risk claims

Special attention loans

NPL ratio

(Reference) NPL ratio (HD consolidated)

Net NPL ratio^{*3}
0.34%



*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

Securities portfolio*1

(JPY bn, before hedging)	2022/3	2023/3	2023/9	Unrealized gains/(losses)
(a)	(b)	(c)	(d)	
Available-for-sale securities (1)	4,159.5	3,886.8	4,068.5	499.0
Stocks (2)	305.9	283.8	272.5	667.3
Bonds (3)	2,940.1	2,400.2	2,534.5	(92.0)
JGBs (4)	1,137.3	645.3	834.6	(62.4)
Average duration (years) (5)	9.3	12.8	11.6	–
Basis point value (BPV) (6)	(1.15)	(0.78)	(0.90)	–
Local government and corporate bonds (7)	1,802.8	1,754.9	1,699.8	(29.5)
Other (8)	913.3	1,202.6	1,261.4	(76.3)
Foreign bonds (9)	562.5	721.5	745.7	(67.0)
Average duration (years) (10)	6.2	5.8	5.2	–
Basis point value (BPV) (11)	(0.26)	(0.30)	(0.32)	–
Investment trusts (Domestic) (12)	346.8	474.1	511.5	(10.8)
Net unrealized gain (13)	521.2	471.6	499.0	
Bonds held to maturity (14)	2,934.7	3,899.0	4,248.9	(192.1)
JGBs (15)	1,856.1	2,278.2	2,430.1	(149.2)

JGBs (available for sale securities, c-5 and 6, d-4) after hedging in '23/9

Average duration : 8.9 year, BPV : (0.35) bn, Unrealized gains/(losses) : 40.1 bn
(Foreign bonds are partially hedged by domestic investment trusts (bear fund) and other)

CLO: Zero

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

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

Status of policy-oriented stocks held*2

Balance of listed stocks disposed in 1H of FY2023

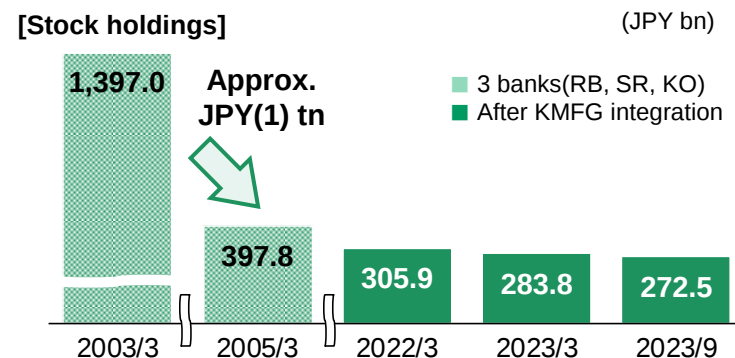
(acquisition cost basis): JPY11.3 bn,
Net gain on sale: JPY22.1 bn (HD consolidated: JPY21.7 bn)
Breakeven Nikkei average: Approx. 7,400 yen

Policy for holding policy-oriented stocks

- Since the capital enhancement with public funds, Resona Group has reduced the balance of the policy-oriented stocks to lessen the risk of price volatility. Our basic policy is to continue to reduce the balance of policy-oriented stocks.
- The Group determines whether to hold policy-oriented stocks by evaluating the risks and returns, including feasibility of the development of a trading relationship in a medium- to long-term. The Group may also sell stocks in consideration of the market situations, management and financial strategies, even though the Group considers appropriate for holding from the risk-return perspective.

Plan to reduce JPY80.0 bn in 4 years from Apr. '22

⇒ Progress rate against the plan : 41.7% ('23/9)



Capital Adequacy Ratio

HD
Consolidated

- CAR (Domestic std.) and CET1 ratio (International std.) as of Sep. 30, 2023 were 12.57% and 14.36%, respectively, maintaining sound capital adequacy level

Domestic standard

(JPY bn)	2023/3	2023/9	Change
Capital adequacy ratio (1)	12.48%	12.57%	+0.09%
Total capital (2)	2,101.0	2,144.4	+43.4
Core Capital: instruments and reserves (3)	2,179.5	2,222.8	+43.3
Stockholders' equity (4)	2,115.4	2,162.7	+47.3
Adjusted non-controlling interests (5)	7.0	8.7	+1.6
Reserves included in Core Capital (6)	39.2	31.7	(7.4)
Subordinated loans and bonds subject to transitional arrangement (7)	27.5	23.9	(3.6)
Core Capital: regulatory adjustments (8)	78.4	78.4	(0.0)
Risk weighted assets (9)	16,827.9	17,059.4	+231.4

■ Change in total capital

- Stockholders' equity +47.3 bn
 - Net income attributable to owners of parent +82.5 bn
 - Share buyback (completed in Jun. '23) (10.0) bn
 - Interim dividend (25.9) bn

■ Group banks, Bank holding company

Domestic standard	Resona (Consolidated)	Saitama Resona (Consolidated)	KMFG (Consolidated)
Capital adequacy ratio	11.75%	15.58%	9.19%

(Reference) International standard

(JPY bn)	2023/3	2023/9	Change
Common Equity Tier1 capital ratio (10)	14.10%	14.36%	+0.26%
Excluding net unrealized gains on available-for-sale securities (11)	12.09%	12.21%	+0.12%
Tier1 capital ratio (12)	14.11%	14.38%	+0.27%
Total capital ratio (13)	14.35%	14.57%	+0.22%
Common Equity Tier1 capital (14)	2,413.1	2,496.5	+83.3
Instruments and reserves (15)	2,494.9	2,567.6	+72.6
Stockholders' equity (16)	2,115.4	2,162.7	+47.3
Net unrealized gains on available-for-sale securities* (17)	342.6	372.6	+30.0
Adjusted non-controlling interests (18)	3.8	4.6	+0.8
Regulatory adjustments (19)	81.7	71.1	(10.6)
Other Tier1 capital (20)	2.7	2.9	+0.2
Tier1 capital (21)	2,415.9	2,499.5	+83.5
Tier2 capital (22)	40.8	33.5	(7.2)
Total capital (Tier1+Tier2) (23)	2,456.7	2,533.0	+76.3
Risk weighted assets (24)	17,113.4	17,380.8	+267.4

*Including deferred gains or losses on hedge related to net unrealized gains on available-for-sale securities

(Reference)

■ Trial calculation based on the full enforcement of the finalized Basel 3

CET1 ratio: Approx. 10.1%*

(Excluding net 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, 2023 reported as (11) in the above table

Earnings Targets for FY2023 (Released in Nov. 2023)

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)	150.0	—	(10.4)
Difference	(2)	13.5	(4.0)	(5.2)
Core income ^{*1}	(3)	150.0	+2.0	(13.6)

Common DPS

		DPS	YoY change
Common stock (annual)	(4)	22.0 yen	+1.0 yen
Interim dividend	(5)	11.0 yen	+0.5 yen

Total of group banks

(JPY bn)		Total of group banks		Resona Bank		Saitama Resona Bank		KMFG (total of group banks)	
		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)	576.5	+1.0	330.0	—	113.0	+0.5	133.5	+0.5
Operating expenses	(7)	(391.5)	+1.0	(214.0)	—	(76.5)	—	(101.0)	+1.0
Actual net operating profit	(8)	185.0	+2.0	116.0	—	36.5	+0.5	32.5	+1.5
Net gains on stocks (including equity derivatives)	(9)	47.0	+3.0	37.5	—	8.5	+4.0	1.0	(1.0)
Credit related expenses, net	(10)	(31.5)	—	(20.0)	—	(5.0)	—	(6.5)	—
Income before income taxes	(11)	190.0	+6.0	131.0	—	37.0	+5.0	22.0	+1.0
Net income	(12)	136.5	+4.0	93.0	—	26.0	+3.5	17.5	+0.5

*1. Net interest income from domestic loans and deposits + Interest on yen bonds, etc. (Interest on yen bonds and income from interest rate swaps)
+ Fee income + Operating expenses

Capital Management

■ Enter a new phase in which we can step up the utilization of capital ⇒

Aim for ROE^{*1} of 8%

Financial soundness

- Maintain the CET1 ratio^{*2} at the 10% range
 - CET1 ratio as of Mar. '23 : Approx. 10%

Growth investment

- Organic ⇒ Expand loan assets, etc. with high returns relative to risk
- Inorganic ⇒ Expanding customer bases, management resources and functions

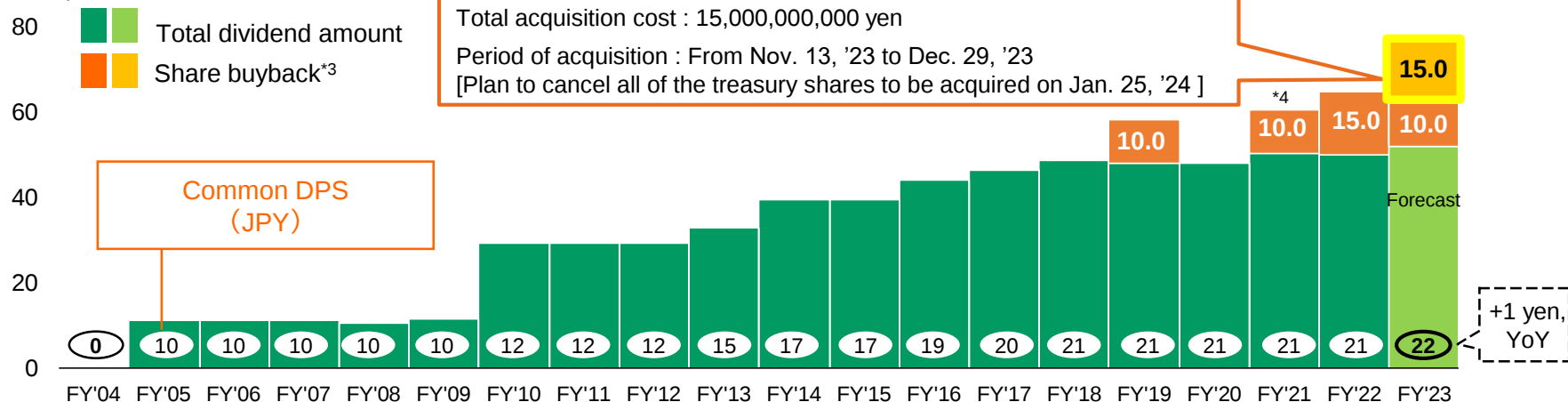
Improve Corporate Value

Shareholder return

- Enhance the content of shareholder returns in a way that gives due consideration to maintaining soundness and securing growth investment opportunities
- Aim for a total shareholder return ratio of around 50% even as we continue to deliver a stable dividend stream
 - FY'22: 40.6% ⇒ FY'23 (prospect): 51.3%

[Trends in shareholder returns]

(JPY bn)



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

*2. Based on the full enforcement of the finalized Basel 3 regulations under the international standard; excluding net unrealized gains on available-for-sale securities

*3. The amount of treasury stock acquisition is rounded to the nearest hundred million yen

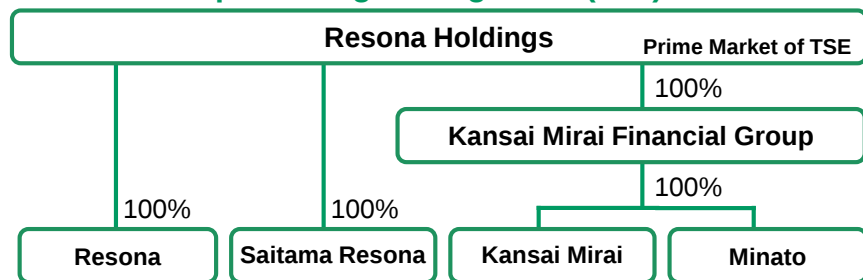
*4. Implement share buy-back (JPY40.9bn, 88 mil. shares) to neutralize dilutive effect on EPS from making KMFG a wholly-owned subsidiary of HD in from May to June 2021

The Merger of HD and KMFG (Planned in April 2024)

Towards further strengthening the consolidated management of Group companies

So Far

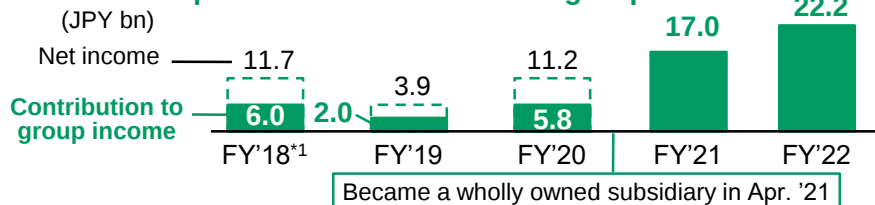
KMFG functions contributed to speedy post-merger integration (PMI)



■ KMFG leads the way in the start of the largest regional banking group in the Kansai area

- Rollout of Group products and services ⇒ Realize top-line synergies
- Unify the mode of back-office operations throughout the Group while reforming branch-counter infrastructure ⇒ Realize cost synergies
 - Complete the integration of KMB's back-office operations and systems within a one-and-a-half-year time frame
 - Restructure the branch networks of KMB and MB via the use of the branch-in-branch (BinB) method, etc.
- Invigorate the interaction of human resources across the Group and remove boundaries among them

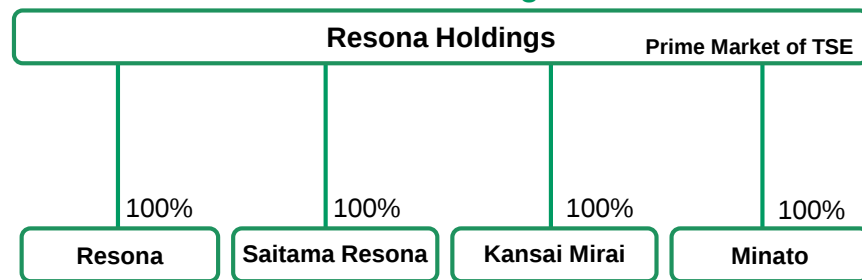
Expansion of contribution to group income



*1. Excluding gain from negative goodwill

Going forward

Shifting to a new organizational structure to facilitate fresh growth



■ Strengthen Group governance

- Upgrade on a consolidated management of Group companies
- Facilitate speedier and simple decision making
- Empower each subsidiary bank to execute effective growth strategies

■ Toward the establishment of a “one-platform, multi-regional strategy”

- Pursue more efficient business management via the integration of back-office operations and indirect departments
- Four banks strive to deliver optimal value to customers in light of the characteristics of the regions they serve

Accelerate initiatives to realize “Retail No. 1”

Beyond Finance,
for a Brighter Future.

Inorganic Strategy

-Transforming two leasing companies into our consolidated subsidiaries-

Expansion of inorganic investments in the capital utilization phase

What value can we offer customers?

Winning customers not yet reached by Resona will

[1] Enhance our customer base

Securing specialist and other human resources will

[2] Enhance our management resources

Strengthening businesses that have affinity with existing banking operations as well as those that transcend the framework of finance will

[3] Enhance our functions

In Jan. 2024, it is planned to transform two leasing companies, which are equity method affiliates, as consolidated subsidiaries

■ The first inorganic strategic initiative in the MMP that contributes to improving ROE

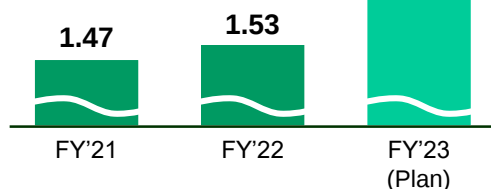
ROI (estimate) : 12% level



+α (synergy, etc.)

[Net income of total of two leasing companies]

(JPY bn)



Resona's customer base



Leasing function

Streamline our mode of business management
(Consider merger following consolidation of two leasing companies)

With addressing issues our customers are confronting as a starting point, discuss the enhancement of solutions

[Outline of two leasing companies]

Company name	DFL Lease Company Limited
Principal line of business	General leasing
Location of head office	4-1-1, Fushimimachi, Chuo-ku, Osaka
Capital amount	JPY3.7 bn
Capital contribution ratio of Resona HD	20% After 100%

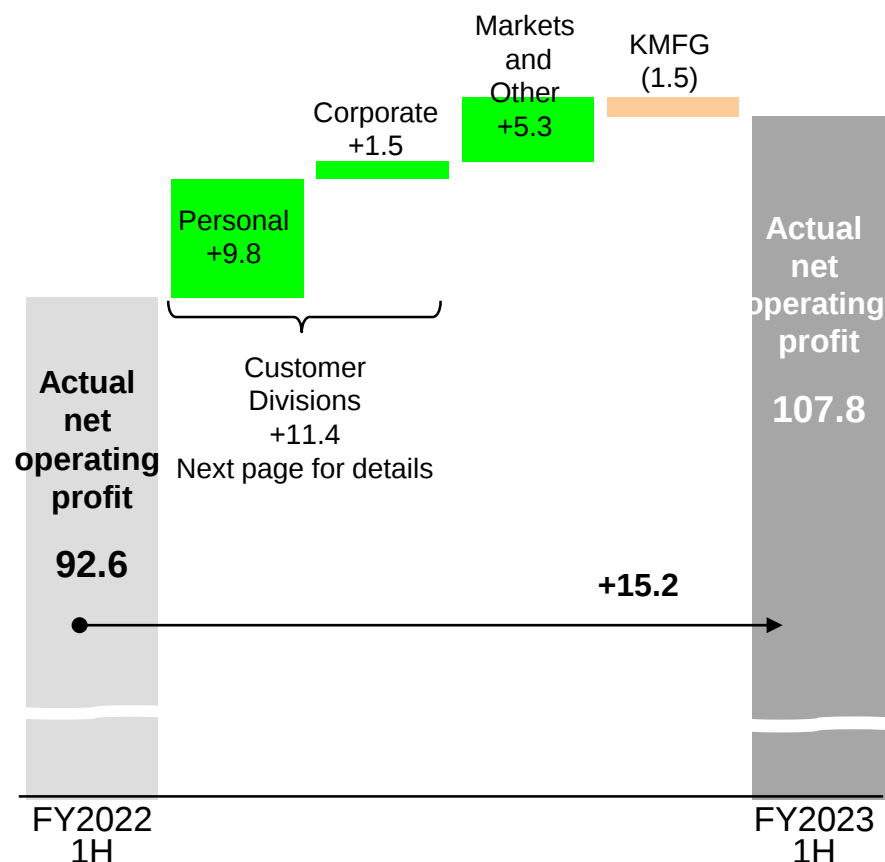
Company name	Shutoken Leasing Co., Ltd.
Principal line of business	General leasing
Location of head office	9-1, Kanda Mitoshirocho, Chiyoda-ku, Tokyo
Capital amount	JPY3.3 bn
Capital contribution ratio of Resona HD	Approx. 20% After Approx. 90%

(Reference) Outline of Financial Results of Each Segment

HD
Consolidated

(JPY bn)		FY2023 1H	YoY Change
Customer Divisions	Gross operating profit (1)	252.3	+16.1
	Operating expense (2)	(154.8)	(4.6)
	Actual net operating profit (3)	97.5	+11.4
Personal Banking	Gross operating profit (4)	106.7	+11.7
	Operating expense (5)	(77.5)	(1.8)
	Actual net operating profit (6)	29.2	+9.8
Corporate Banking	Gross operating profit (7)	145.6	+4.3
	Operating expense (8)	(77.3)	(2.7)
	Actual net operating profit (9)	68.3	+1.5
Markets and Other	Gross operating profit (10)	(8.5)	+4.8
	Operating expense (11)	(1.0)	+0.4
	Actual net operating profit (12)	(9.2)	+5.3
KMFG	Gross operating profit (13)	69.5	(2.7)
	Operating expense (14)	(49.9)	+1.2
	Actual net operating profit (15)	19.6	(1.5)
Total	Gross operating profit (16)	313.4	+18.2
	Operating expense (17)	(205.8)	(3.0)
	Actual net operating profit (18)	107.8	+15.2

(JPY bn)



Definition of management accounting

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

(Reference) Outline of Financial Results of Customer Divisions

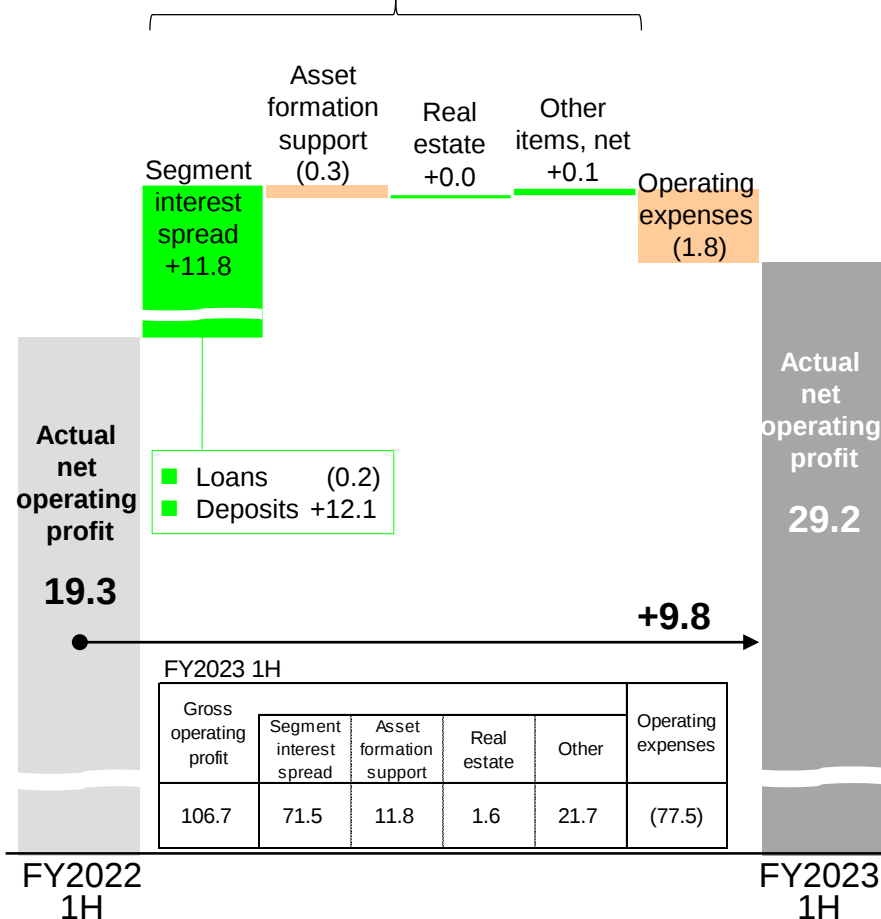
HD Consolidated
(exclude KMFG)

Personal Banking Segment

■ Actual net operating profit : Up JPY9.8 bn, YoY

(JPY bn)

Gross operating profit +11.7

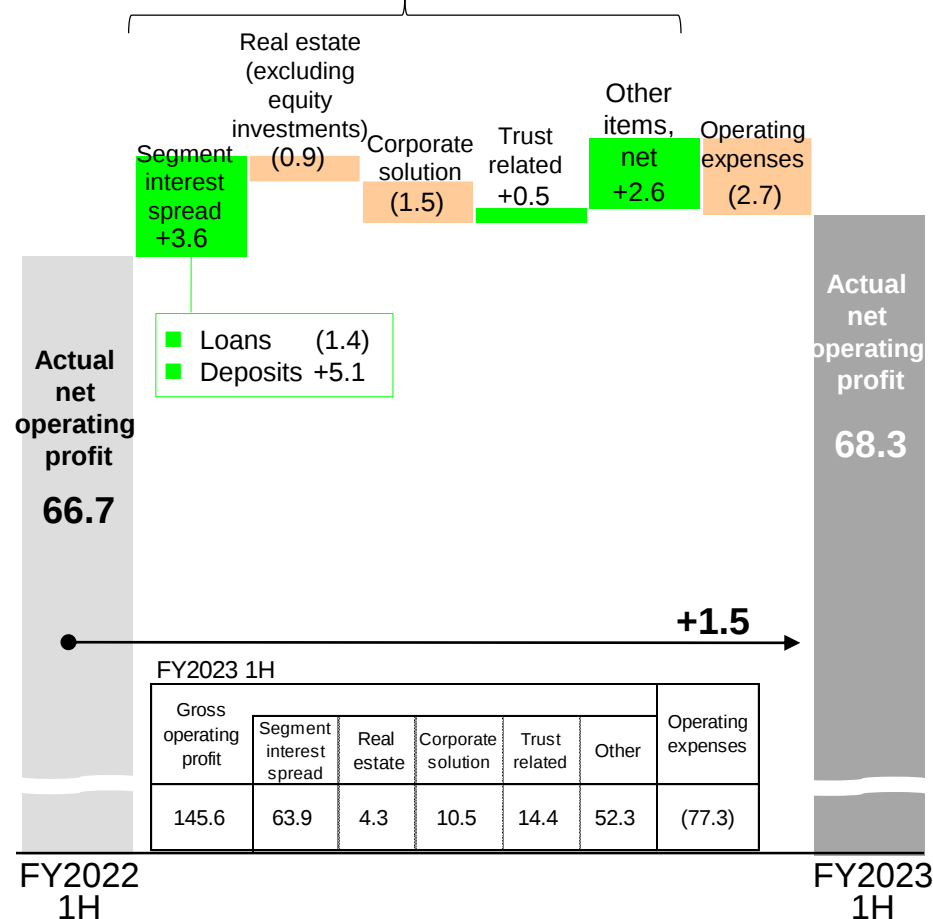


Corporate Banking Segment

■ Actual net operating profit : Up JPY1.5 bn, YoY

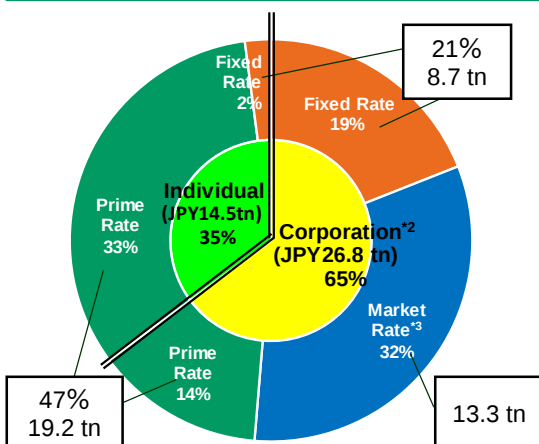
(JPY bn)

Gross operating profit +4.3



(Reference) Sound Balance Sheet / Possible Impact of JPY Interest Rate Hikes (Provisional Calculation)

Composition of loan portfolio



Available-for-sale securities

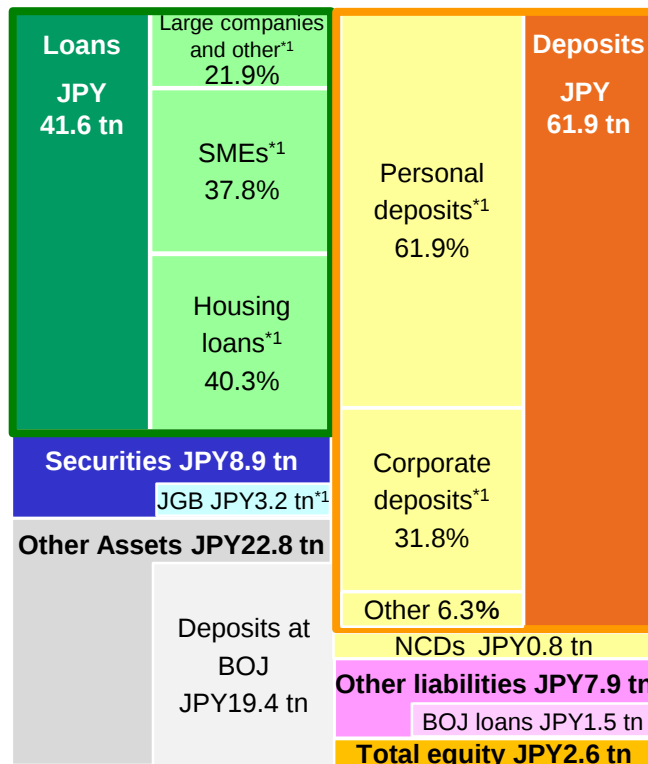
Practice the stringent management of interest rate risks and liquidity risks with an eye to regulatory standards (e.g., IRRBB and LCR) and other factors

Bonds held-to-maturity

BOJ current account

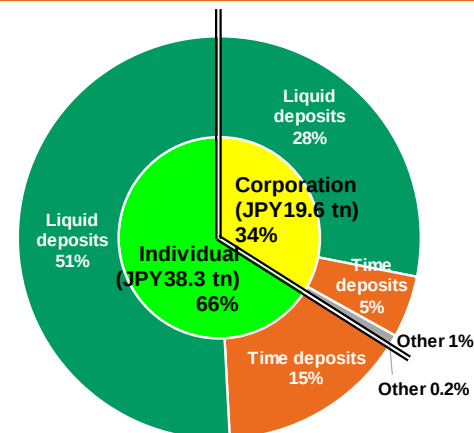
An abundant JPY19 tn (consolidated basis) in cash deposits in BOJ's current accounts

End of Sep. 2023
Total assets JPY73.3 tn



< Possible impact of JPY interest rate hikes (provisional calculation)^{*5} >

Composition of deposits^{*4}



Our distinctive uniqueness lies in a strong business focus on regional and retail customers		
Business strategies	Regional	A diverse and dispersed customer portfolio / Number of companies as their main bank : 68 thousand
	Individual	Unparalleled convenience offered via the Group app (7.16 million downloads) / Growing popularity as a mainstay tool for household finance
Deposits		Our liquidity deposits mainly consist of retail deposits with strong retention ⇒ Ratio of personal deposits to total deposits: 61% ⇒ Avg. cost of deposits: 0.004%

■ Hikes in long-term interest rates (the abolishment of the yield curve control policy)

- A provisional calculation premised on shifting a portion of funds held in BOJ current accounts to Japanese government bonds, etc., with instruments in the five-year maturity zone as targets (assuming an increase in margin to around 0.4%) ⇒ +JPY20.0 bn

■ Hikes in short-term interest rates (the lifting of the negative interest rate policy)

- A provisional calculation based on assumptions we have formulated for prevailing trends at the time of lifting that takes into account the status of deposits and loans as well as changes in current account interest rates at BOJ at the time of the introduction of said policy ⇒ +JPY10.0 bn

^{*1}. Total of group banks ^{*2}. Including apartment loans ^{*3}. Market rate-linked loans include the fixed-rate (spread) loans maturing in less than one year

^{*4}. Domestic individual deposits + Domestic corporate deposits ^{*5}. The provisional calculation for the impact on annual profit reflects expected circumstances after the full effect of interest rate fluctuations materializes

- 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

Negative figures represent items that would reduce net income.

Figures include data for internal administration purpose.

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

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

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