A Message from the Executive Officer in Charge of Finance and Accounting

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Director and Representative Executive Officer, in charge of Finance and Accounting Division

1. Results for the Fiscal Year Ended March 2018

During the fiscal year ended March 2018 (FY2017), corporate earnings, personal income and employment conditions improved in Japan. However, the operating environment remained challenging for financial institutions due to factors including the BOJ's negative interest rate policy and intensifying competition from other industries.

In the medium-term management plan we announced in April 2017, we planned to make up for reduced loan income due to low interest rates by implementing income structure reforms. We will also expand the balance of loans, increase stock-type fee income and reduce expenses through cost structure reforms. Results for the fiscal year ended March 2018 indicate steady progress with both types of structural reforms.

Net income attributable to owners of the parent increased ¥74.7 billion year on year to ¥236.2 billion. This increase was due in part to a one-off reduction of ¥85.6 billion in tax expenses that resulted from Group restructuring. However, we still exceeded our target at the beginning of the fiscal year of ¥150.0 billion, excluding the tax decrease.

Gross operating profit decreased 1.8% year on year to ¥552.5 billion.

Net interest income decreased 2.5%, but the rate of decrease was lower than the 5.8% of the fiscal year ended March 2017. This improvement was the result of reduced contraction in the loan to deposit spread, and an increase in the balance of loans and bills discounted due to factors including our response to demand for loans from SMEs for capital expenditures.

Fee income increased 4.6% year on year, exceeding 30% of gross operating profit for the first time. Key factors were our ability to offer solutions to SMEs tailored to their growth stage, and to propose asset formation products to individual customers for their future.

Net gains on bonds (including futures) decreased by ¥10.6 billion year on year. This was largely the result of our initiatives to maintain financial soundness by restructuring our bond portfolio, such as U.S. government bonds and other instruments, to increase the yield on securities given the challenging environment of managing yen bonds due to the negative interest rates in Japan.

Operating expenses decreased 1.0% year on year to a historically low ¥341.2 billion. Factors in this decrease included ongoing initiatives to raise operating efficiency and reform work styles.

Financial Results for FY2017

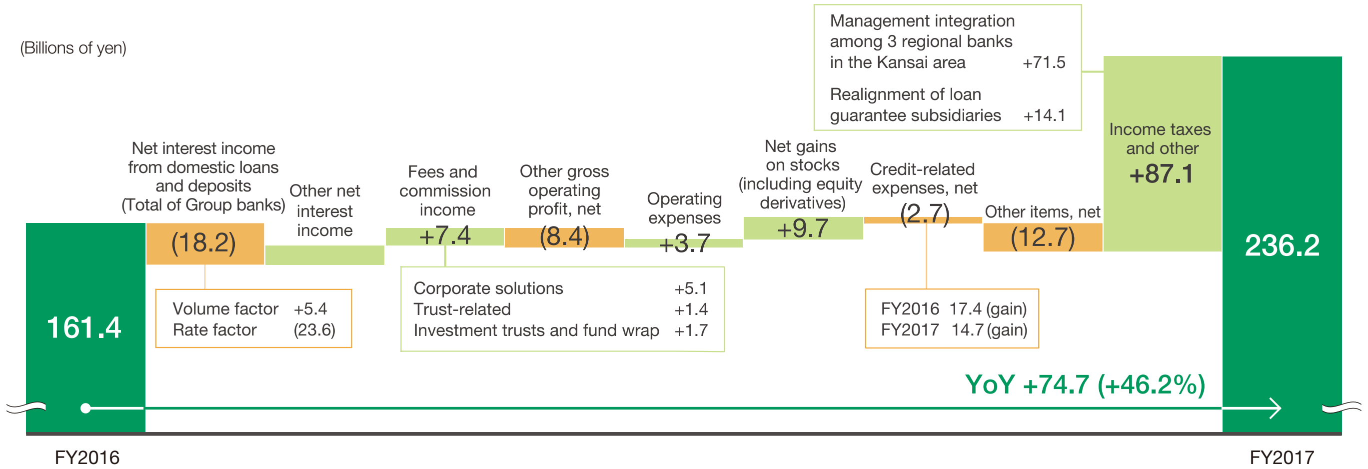
(Billions of yen)

	FY2017	YoY change
Net income attributable to owners of the parent	236.2	+74.7
Gross operating profit	552.5	(10.5)
Net interest income	368.3	(9.5)
Fee income	168.0	+7.4
Fee income ratio	30.4%	+1.8%
Other operating income	16.1	(8.4)
Net gains (losses) on bonds (including futures)	(5.0)	(10.6)
Operating expenses (excluding Group banks' non-recurring items)	(341.2)	+3.7
Actual net operating profit	211.6	(6.6)
Net gains on stocks (including equity derivatives)	13.0	+9.7
Credit-related expenses, net	14.7	(2.7)
Income before income taxes	215.8	(12.3)
Income taxes and other	20.4	+87.1

We maintained financial soundness with a diversified loan portfolio of smaller loans. Gains on reversal of credit-related expenses, net were ¥14.7 billion and the non-performing loan ratio fell to a historical low of 1.18%.

Factors in the FY2017 Change in Net Income Attributable to Owners of the Parent

(Billions of yen)



2. Forecast for the Fiscal Year Ending March 2019 and Progress of Medium-Term Management Plan

Forecast for the Fiscal Year Ending March 2019

Kansai Mirai Financial Group, Inc. (KMFG) started full-scale operation in April 2018, adding Kansai Urban Banking Corporation and Minato Bank to the Group's Resona Bank, Saitama Resona Bank and Kinki Osaka Bank. The fiscal year ending March 2019 will mark the start of the new five-bank structure.

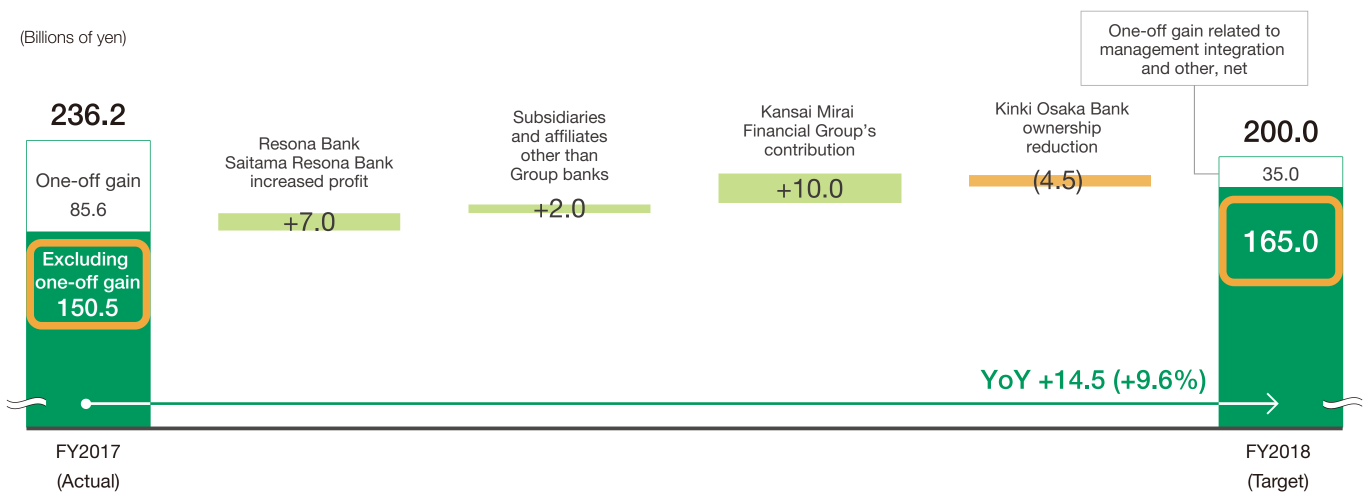
Our target for net income attributable to owners of the parent for the year ending March 2019 will decrease 15.3% year on year to ¥200.0 billion. However, net income attributable to owners of the parent for the fiscal year ended March 2018 and 2019 includes one-off gains of ¥85.6 billion and ¥35.0 billion, respectively. On a real basis, excluding these one-off gains, our target for net income attributable to owners of the parent for the fiscal year ending March 2019 would increase 9.6% year on year, or ¥14.5 billion, to ¥165.0 billion.

Specific components of the target increase in net income attributable to owners of the parent, excluding one-off gains, are an increase in income at Resona Bank and Saitama Resona Bank totaling ¥7.0 billion, and a ¥10.0 billion contribution from KMFG.

The one-off gain for the fiscal year ending March 2019 is largely negative goodwill that resulted from the integration of Kansai Urban Banking Corporation and Minato Bank.

Factors in the Projected FY2018 Change in Net Income Attributable to Owners of the Parent

(Billions of yen)



Progress of Medium-Term Management Plan and KPIs for the Final Year of the Medium-Term Management Plan Based on a Five-Bank Structure

The Group generally made progress as planned toward the KPIs of the medium-term management plan during the fiscal year ended March 2018.

With KMFG fully operational, our targets on a five-bank basis for net income attributable to owners of the parent, consolidated fee income ratio and consolidated cost-to-income ratio are presented below. ROE and the CET1 ratio (excluding unrealized gain on available-for-sale securities, net of tax effect) are unchanged by the integration because our forecast already included that impact.

The new five-bank structure will deploy marketing capabilities strengthened with advanced digital and other technologies and improve productivity to achieve those targets.

Given the new five-bank structure, we have increased the KPI of net income attributable to owners of the parent announced in the medium-term management plan by ¥5.0 billion to ¥170.0 billion (from ¥165.0 billion) for the fiscal year ending March 2020.

KMFG should contribute approximately ¥10.0 billion to net income attributable to owners of the parent during its first phase. We expect this contribution to increase to ¥20.0 billion after five years because we will no longer have one-off expenses associated with the integration and we will achieve earnings and expense synergies.

Progress of Medium-Term Management Plan and KPIs for the Final Year of the Medium-Term Management Plan based on a Five-Bank Structure

KPIs	Plan at Conception (FY2019)	FY2017 (Actual)	Plan after Kansai Mirai Financial Group Integration[1] (FY2019)
Net income attributable to owners of the parent	¥165.0 billion	¥236.2 billion Excluding one-off gains ¥150.5 billion	¥170.0 billion (Resona Bank + Saitama Resona Bank: ¥160.0 billion)
Consolidated fee income ratio	Over 35%	30.4%	Lower half of the 30% range (Resona Bank + Saitama Resona Bank: Over 35%)
Consolidated cost-to-income ratio	Below 60%	61.7%	60% level (Resona Bank + Saitama Resona Bank: Below 60%)
ROE[2]	Over 10%	15.76%	Over 10%
CET1 ratio[3]	9% level	9.50%	9% level

1. Adjustments to the current Resona Holdings'(RHD) medium-term management plan(MMP) are made by combining: (1) KPIs for the final year (FY2019) in RHD's MMP adjusted to exclude Kinki Osaka Bank's targets, and (2) KMFG's target for the second year (FY2019) in KMFG's MMP
2. (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders' equity – Balance of outstanding preferred shares)
3. Excluding unrealized gain on available-for-sale securities, net of tax effect

3. Capital Management

Basic Approach and Targets

Our basic capital management policy gives equal weight to 1) investment for future growth, 2) higher capital adequacy and 3) increase in shareholder returns.

We will secure sufficient capital under the currently applicable Japanese standard and aim for a common equity Tier 1 (CET1) ratio (excluding net unrealized gains on available-for-sale securities) at the 9% level under the international standard. The target for our capital adequacy ratio involves the following three points.

1. Further contribute to regional communities and economic development in ways such as steadily supplying funds and providing services.
2. Secure capital as a financial institution that is trusted worldwide and generate sustainable growth.
3. Ensure strategic flexibility for responding to investment opportunities and financial regulations.

Our CET1 ratio was 9.5% as of March 2018, but we expect it to decrease temporarily due to the integration of KMFG. Nevertheless, we expect the CET1 ratio to recover to the 9% level by March 2020.

In addition, we will emphasize capital efficiency, risk, cost and return in managing capital with an ROE target consistently above 10%.

Initiatives in FY2017 and Enchancing Shareholder Refunds

As planned, we repurchased and canceled ¥100.0 billion of Class 5 preferred shares during the fiscal year ended March 31, 2018. We consequently achieved a capital structure consisting solely of common shares. To date, we have been increasing returns to common shareholders by repurchasing and canceling preferred shares and then reallocating the associated preferred dividends to common shareholders. Thus we have kept total distributions at a constant level while increasing returns to common shareholders.

We are now transitioning to a phase in which we should expand the total return amount according to business results while maintaining the "equal-weight" allocation policy.

Based on KMFG's projected contribution to earnings in the current fiscal year, we forecast that cash dividends per share will increase by ¥1 year on year to ¥21 for the fiscal year ending March 2019.

We will maintain stable dividends at the increased leve. We will also continue to consider further increases in shareholder returns in light of capital adequacy and the Group's performance.

Capital Management

Continue allocation policy of equal weight to 1) investment for future growth, 2) higher capital adequacy, and 3) increase in shareholder returns

Capital Adequacy Ratio Target

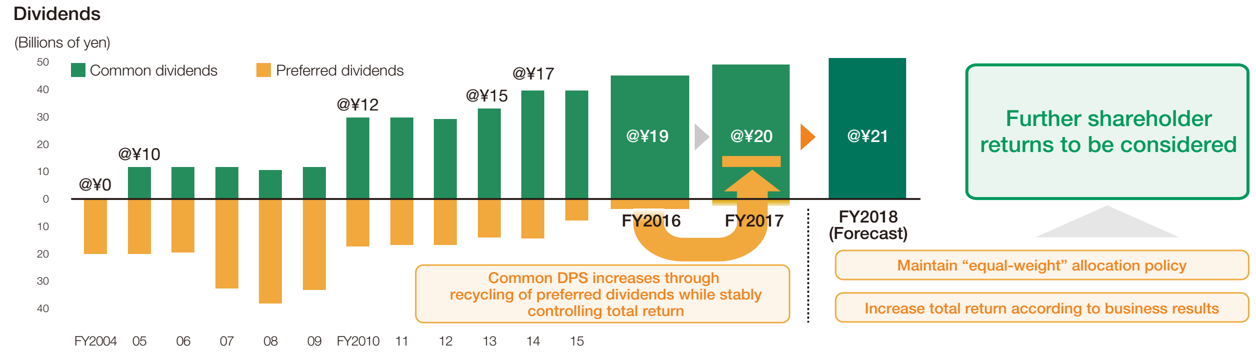
- Secure sufficient capital adequacy under the Japanese domestic standard
- Aim to achieve around 9% CET1 ratio1 under the international standard (March 31, 2020)
  - Recover from downside of Kansai Mirai Financial Group integration in the meantime
  - Cope with the finalized Basel 3 (SA and capital floor revisions) utilizing the available time till its fully-loaded implementation

ROE Target

- Maintain ROE[2] at above 10% (FY2017: 15.76%)

Shareholder Return Policy

- Steady common DPS increases thus far, shifting preferred dividends to common shareholders (@¥5, or 33%, increase in the past 5 years)
- Further expand shareholder return based on the above-mentioned "equal-weight" allocation policy
  - Common DPS forecast for FY2018: ¥21 per annum, +¥1 YoY (of which, interim ¥10.5, +¥0.5 YoY)
  - Consider further enlargement of shareholder return while keeping the level of common DPS after the above increase as stable dividends



1. Excluding unrealized gain on available-for-sale securities, net of tax effect
2. (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders' equity – Balance of outstanding preferred shares)

4. Dialogue with Shareholders and Investors

The Resona Group emphasizes constructive dialogue with shareholders and investors to achieve sustainable growth and increase corporate value over the medium-to-long term. We proactively increased opportunities for dialogue during the fiscal year ended March 2018.

Our dialogue with domestic and overseas institutional investors includes interim and full-year results briefings. We also conduct call conferences for quarterly results, one-onone interviews and business strategy information meetings. We held 285 events in which 722 companies participated during the fiscal year ended March 2018.

Our dialogue with individual investors includes online information meetings and meetings at venues such as the branches of securities companies. We also take advantage of opportunities to provide more information at seminars and other venues. Examples include our participation in Nikkei IR Fair 2017 and Tokyo Stock Exchange IR Festa 2018. During the fiscal year ended March 2018, we held 13 information meetings for individual investors with a total of 2,056 participants, and three shareholder seminars with a total of 1,874 participants.

We will continue to disclose information fairly and impartially, and will maintain a constructive dialogue with shareholders and investors.