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

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

1 Results for the Fiscal Year Ended March 2019

Toward the end of the fiscal year ended March 2019 (FY2018), the deceleration of the global economy caused growth in foreign demand to stagnate. Nevertheless, the overall Japanese economy enjoyed a gradual recovery during the fiscal year thanks to improving employment, robust personal consumption and active capital expenditure. However, financial institutions continued to face a challenging operating environment due to the prolonged low interest rate environment and increasing market volatility.

Amid these circumstances, net income attributable to owners of the parent decreased ¥69.0 billion on an adjusted year-on-year basis (see note beneath the chart at the bottom of the page; hereinafter, "year on year") to ¥175.1 billion. The primary factors behind this decrease were a decline in one-off gains from the management integration of Kansai Mirai Financial Group, Inc. (KMFG) and costs associated with measures to improve the soundness of our securities portfolio, a move aimed at better adapting to an uncertain market environment.

On the other hand, we have seen discernible progress in income structure reforms under the medium-term management plan. Specifically, we endeavored to increase the loan balance as well as revenues from recurring fee businesses to supplement declining net interest income affected by lower interest rates. These efforts resulted in a lending volume in excess of the planned target and some growth in fee revenues.

We have also seen stable progress in such forward-looking initiatives as the instatement of Resona Group App and Resona Cashless Platform (RCP), projects we have been ushering from the investment phase to commercialization.

Looking at the details of operating results, gross operating profit decreased 2.5% year on year to ¥644.1 billion, due mainly to measures taken to improve the soundness of our securities portfolio in the market division.

In the fiscal year ended March 31, 2019, income from domestic loans and deposits decreased 3.0%. Thus, we were able to keep the decrease modest compared with the 5.6% year-on-year decrease recorded in the fiscal year ended March 31, 2018. This result also reflects firm 2.89% year-on-year growth in the annual average balance of loans to SMEs and others as well as a smaller decline in the loan to deposit spread.

Fee income increased 3.2% year on year, with the ratio of fee income to gross operating profit amounting to 30%. Although increasing market volatility caused investment trust sales to stagnate, such businesses as insurance, housing loan and fund wrap-related products contributed to this increase.

Net gains on bonds (including futures) decreased ¥2.9 billion year on year due to the aforementioned measures to improve the soundness of our securities portfolio. In fact, thanks to these measures, unrealized losses on Japanese government bonds and foreign bonds turned into net unrealized gains which significantly reduced downside risk for our future profitability

Operating expenses were virtually flat year on year thanks to our ongoing and exhaustive low-cost operations.

Credit-related expenses, net were kept low and amounted to a loss of ¥1.3 billion despite an ¥11.4 billion increase in costs on an adjusted year-on-year basis.

Financial Results Overview

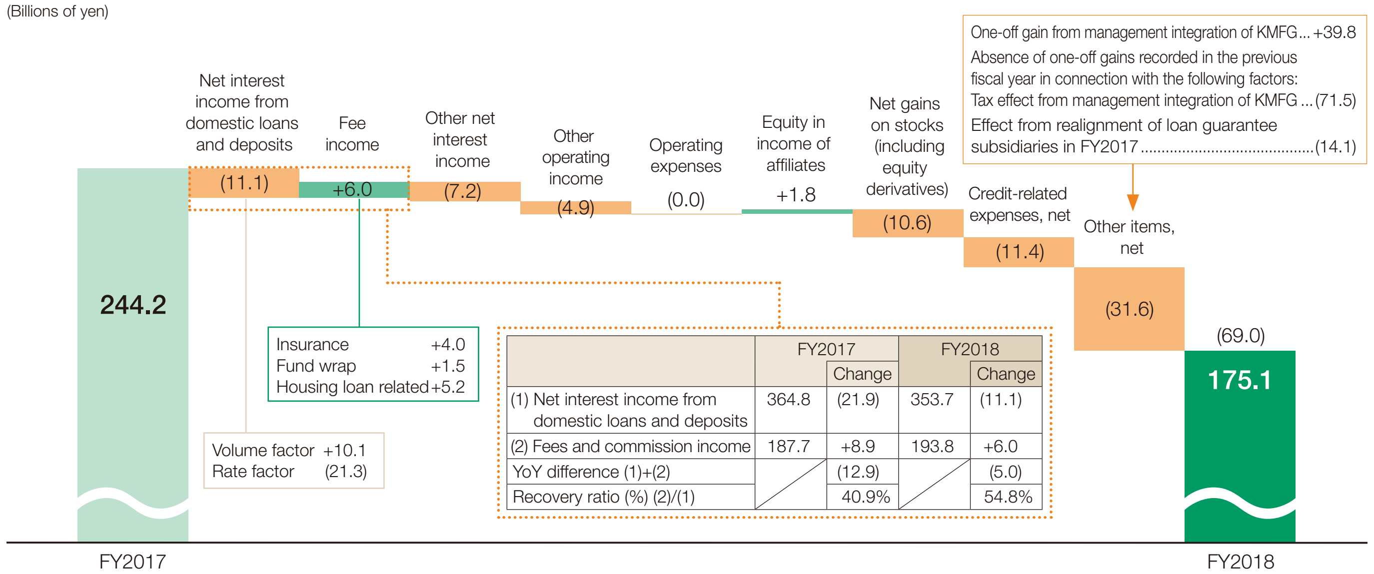
(Billions of yen)

	FY2018	
		YoY change*
Net income attributable to owners of the parent	175.1	(69.0)
Gross operating profit	644.1	(17.1)
Net interest income	435.9	(18.3)
Net interest income from domestic loans and deposits	353.7	(11.1)
Fee income	193.8	+6.0
Fee income ratio (%)	30.0%	+1.7%
Other operating income	14.4	(4.9)
Net (losses) on bonds (including futures)	(7.8)	(2.9)
Operating expenses (excluding Group banks' non-recurring items)	(420.5)	(0)
Actual net operating profit	225.6	(15.4)
Net gains on stocks (including equity derivatives)	7.1	(10.6)
Credit-related expenses, net	(1.3)	(11.4)
Other gains, net	7.1	+32.6
Income before income taxes and non-controlling interests	238.6	(4.8)
Income taxes and other	(57.3)	(72.2)

* For calculation purposes only, the previous fiscal year's financial results were retroactively adjusted to reflect the Group's structure as of March 31, 2019 of five banks with an equity stake in KMFG.

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

(Billions of yen)



	FY2017		FY2018	
		Change		Change
(1) Net interest income from domestic loans and deposits	364.8	(21.9)	353.7	(11.1)
(2) Fees and commission income	187.7	+8.9	193.8	+6.0
YoY difference (1)+(2)		(12.9)		(5.0)
Recovery ratio (%) (2)/(1)		40.9%		54.8%

2 Forecast for the Fiscal Year Ending March 2020 (FY2019) and Progress of the Medium-Term Management Plan

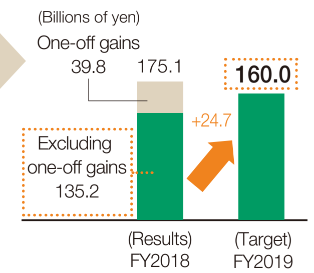
For the final year of the medium-term management plan, our target for net income attributable to owners of the parent is set at ¥160.0 billion, representing a decrease of ¥15.1 billion from FY2018 results. However, if we exclude one-off gains totaling ¥39.8 billion due to management integration, the actual result will be a year-on-year rise of approximately ¥25.0 billion. The aforementioned target is down ¥10.0 billion from the medium-term management plan's original target of ¥170.0 billion, reflecting our decision to decrease dependence on the market division amid growing uncertainty in the financial market environment.

Among other key performance indicators (KPIs) identified under the medium-term management plan, the consolidated fee income ratio was almost as planned, while our common equity tier 1 (CET1) ratio target was accomplished one year ahead of schedule. In FY2018, the consolidated cost-to-income ratio and ROE stood at 65.2% and 10.85%, compared with our targets of around 60% and 10% or greater, respectively. Going forward, we will continue to utilize digital and other advanced technologies to enhance our marketing capabilities and improve productivity. At the same time, we will strive to realize integration synergies at the earliest possible date.

KPIs for the Final Year of the Medium-Term Management Plan

KPIs	FY2018 (Results)	FY2019 (Planned)[1]
Net income attributable to owners of the parent	¥175.1 billion	**¥170.0 billion**
Consolidated fee income ratio	30.0%	**30%-35%**
Consolidated cost-to-income ratio	65.2%	**60% level**
ROE[2]	10.85%	**Over 10%**
CET1 ratio[3]	9.30%	**9% level**

Revised Target for FY2019
¥160.0 billion



- **Down ¥10.0 billion from medium-term management plan target**
  - Lower dependence on the Market division
  - Downside risk on profitability reduced
- **Continue commitment to income and cost structure reforms**

1 Determined via adjustments to medium-term management plan targets announced by Resona Holdings in April 2017 taking the following factors into account:
(i) Exclusion of The Kinki Osaka Bank, Ltd. from consolidated targets set for the final year (ending March 2020) of Resona Holdings' medium-term management plan
(ii) Inclusion of KMFG's targets set for the second year (ending March 2020) of KMFG's medium-term management plan
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 Reduction in Policy-Oriented Stockholdings

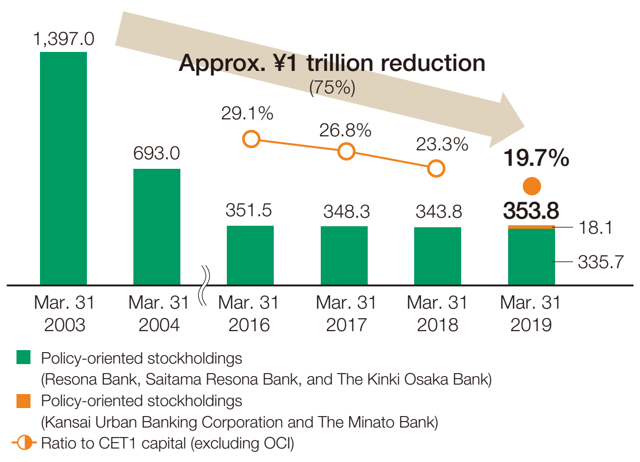
Since the infusion of public funds aimed at ensuring the Company's capital adequacy, we have reduced our holdings of policy-oriented stocks by more than ¥1 trillion, well ahead of other Japanese banks, with the intention of reducing our exposure to equity price fluctuation risk. Our current medium-term target is to maintain the ratio of such stockholdings at less than 20% of our CET1 capital.* As of March 31, 2019, the ratio amounted to 19.7%, staying below the targeted ratio. In addition, we set another medium-term target of reducing such stockholdings by approximately ¥35.0 billion over a five-year period that began in April 2016 and have made steady progress toward this goal, generally meeting annual milestones.

Moreover, we regularly verify the appropriateness of our holdings of each policy-oriented stock by examining both risk and return in a way that takes into account the medium- to long-term feasibility of transactions with the investee. Specifically, we assess the profitability of each investee with consideration given to capital cost while identifying its medium- to long-term credit risk exposure. Looking ahead, we will strive to reduce our policy-oriented stockholdings while sincerely engaging with our corporate clients to gain their understanding.

* Excluding other comprehensive income (OCI)

Policy-Oriented Stockholdings

(Billions of yen)



4 Capital Management

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 while striving toward the targeted CET1 ratio (excluding net unrealized gains on available-for-sale securities) of around 9% under the international standard by March 31, 2020. The target for our capital adequacy ratio involves the following three points.

- Further contribute to regional communities and economic development by, for example, steadily supplying funds and providing services
- Secure capital as a financial institution that is trusted worldwide and generate sustainable growth
- Ensure strategic flexibility for responding to investment opportunities and changes in financial regulations

As of March 31, 2019, our CET1 ratio was 9.30%. On June 30, 2018 the ratio temporarily declined approximately 1% to 8.47% compared with March 31, 2018, reflecting the impact of the management integration of KMFG. However, the ratio at the end of the fiscal year met our target under the medium-term management plan a year ahead of schedule.

Paying close attention to capital efficiency, risk, cost and return, we will engage in robust financial management to achieve an ROE target of consistently above 10%.

In addition, FY2018 cash dividends totaled ¥21 per common share, up ¥1 year on year, representing a third consecutive annual increase in dividends.

For FY2019, we aim to pay out an equivalent amount in cash dividends. In line with our aims of enhancing shareholder returns, improving capital efficiency, and taking a flexible capital management approach, we announced a budget for up to ¥10.0 billion in share repurchases on May 10, 2019, with the end of the repurchasing period being set at June 14, 2019. On June 12, 2019, we completed share repurchases based on this budget. This is the first move of its kind for Resona Holdings since its inauguration with the exception of share buybacks associated with the repayment of public funds. Reflecting these share buybacks, the total shareholder return ratio for FY2019 is expected to increase to 36.7%.

We will consider the further enhancement of shareholder returns while giving due consideration to maintaining a balance between soundness and profitability as well as to opportunities for growth investments.

Capital Management

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

Capital Adequacy Ratio Target

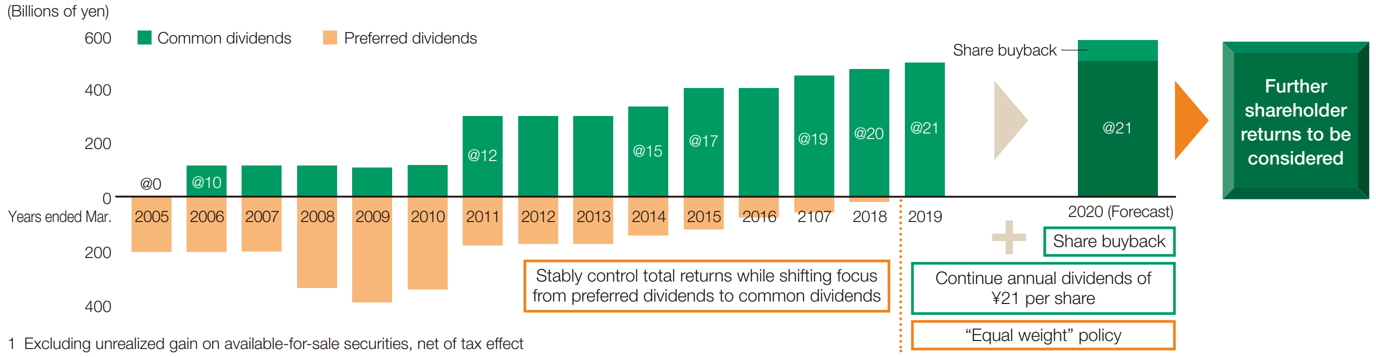
- **Achieved a targeted CET1 ratio[1] of around 9% a year ahead of schedule under the current medium-term management plan (until March 31, 2020)**
  - CET1 ratio as of March 31, 2019: 9.30%
  - Coping with the finalized Basel 3 (SA[2] and capital floor revisions), utilizing the time until its fully loaded implementation

ROE Target

- **Maintain ROE[3] at above 10%**
  - FY2018 10.85%

Shareholder Return Policy

- **Maintain a steady dividend stream while making further efforts to expand return to shareholders**
  - Dividends for FY2018
    Annual dividends totaling ¥21 per share (up ¥1 year on year)
  - Dividend forecasts for FY2019
    (i) Continue common DPS ¥21 per annum
    (ii) Share buybacks of up to ¥10.0 billion or ¥30 million shares
    ➡ Forecast for the total shareholder return ratio[4] in the fiscal year ending March 2020: 36.7%



1 Excluding unrealized gain on available-for-sale securities, net of tax effect
2 SA: Standard Approach
3 (Net income attributable to owners of the parent – Preferred dividends) / (Total shareholders' equity – Balance of outstanding preferred shares)
4 Forecast based on the target for net income attributable to owners of the parent (¥160.0 billion) set for FY2019

5 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 FY2018.

Our dialogue with domestic and overseas institutional investors includes interim and full-year results briefings. We also conduct teleconferences for quarterly results, business strategy information meetings, and one-on-one interviews.

Our dialogue with individual investors encompasses online information meetings and meetings at such venues as the branches of securities companies. We also take advantage of opportunities to provide more information by hosting shareholder seminars and participating in events like the Nikkei IR Fair 2018.

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

Overview of IR Activities during the Fiscal Year

	Number of occasions	Total participants
IR meetings for individual investors	14	2,080
IR meetings for domestic and overseas institutional investors and analysts, response to media coverage, etc.	243	676 (companies)
Shareholder seminars	3	1,740
Total	260	4,496